FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,136 — Tuesday October 4 1983 — D 8523 B

Portugal discards revolutionary economics, Page 2

NEWS SUMMARY

GENERAL

France pressed to boost Chad aid

President François Mitterrand came under pressure to step up France's military aid in Chad at the opening of the tenth summit between France and 36 African heads of state in Vittel, France.

He had been hoping to use the summit to press for a diplomatic solution, but Zaire's President Mobuto made a strong appeal for more military aid, backing President Hissene Habré of Chad.

In Paris an aide of the Chad rebel leadership denounced the conference. Page 16

Reagan trip off

U.S. President Ronald Reagan has postponed his November trip to the Philippines, Thailand, and Indonesia indefinitely, because of pressure of business in Congress. But he will go to Japan and South Korea next month. Earlier story, Page 3.

'Ban arms' call

The Greens, West German's ecology party, called for a ban on use of live ammunition in training areas and the resignation of Defence Minister Manfred Wörner after 20 observers, including civilians, where injured by a shell in a German army exercise near Munsingen.

Swedes on march

More than 20,000 Swedish businessmen, headed by leading industrialists, are expected to march in Stockholm today in protest against government plans to raise trade union influence in business. Page 16

Threat to phone links

More than 1,000 British Telecom engineers started industrial action that could seriously affect international telephone and data links. This is in protest against government plans to privatise the system.

Polish lawyers' plea

A conference representing Poland's 3,500 lawyers called for the freeing of political prisoners. The authorities are preparing for the trial of four members of the KOR dissident group and seven leaders of the banned Solidarity movement. Page 2

New Ariane delay

Launch of the European Space Agency L7 Ariane rocket from Kourou, French Guyana, was delayed again, until at least October 15, at the request of the Washington-based International Telecommunication Satellite Organisation, which has been modifying the VF-7 aerials.

Israel wants ex-Nazi

Israel has asked the United States for the extradition of an unnamed ex-Nazi now at liberty, to stand trial for war crimes. Last former Nazi to stand trial in Israel was Adolf Eichmann executed in 1962.

Village buried

Japanese village Ago, with more than 500 houses, was entirely buried by lava when Mount Oyamo erupted on Miyake island, 180 km (110 miles) south of Tokyo.

Uganda MP killed

Unknown gunman shot dead Uganda opposition MP A. B. K. Sembatya at his home in a Kampala suburb.

Briefly . . .

East German mechanic crossed the border to West Germany, fourth escape in six days.

Pretoria: Worker at dry cleaners was killed by three guard dogs.

BUSINESS

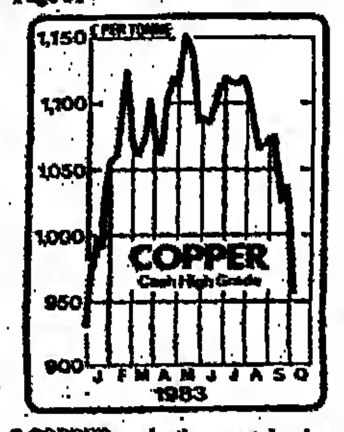
Economic growth in U.S. 'will top 6%'

● U.S. ECONOMIC growth during 1983 will be between 6 and 6.5 per cent (compared with the Administration forecast of 5.5 per cent), says Mr Martin Feldstein, chairman of the Council of Economic Advisers. Page 4

● STERLING was hit by a cut in Bank of England clearing rates, followed by clearing bank interest cuts. It fell 1.3 cents to $1.484, and to DM 3.89 (from DM 3.94), FFr 11.82 (FFr 11.965), SwFr 3.1325 (SwFr 3.1775) and Y347 (Y353). Its Bank of England trade-weighted index fell from 83.8 to 82.9. In New York it closed at $1.4760. Page 35

● DOLLAR fell to DM 2.619 (DM 2.631), FFr 7.9675 (FFr 7.9925), SwFr 2.109 (SwFr 2.1205) and Y233.75 (Y235.6). Its trade weighting was down from 127 to 126.7. In New York it closed at DM 2.6235; FFr 7.990; SwFr 2.1130; and Y234.35. Page 35

● GOLD fell $15.25 in London to $391.625, lowest since October 1982. In Frankfurt the fall was $15.5, to $391.125, and in Zurich it was $16, at $391.5. In New York, the Comex October settlement was $390.9. Page 34



● COPPER and other metal prices also tumbled in London, with higher-grade cash copper £35.75 down to £954.75 ($1416.85) a tonne. Page 34

● LONDON: FT Industrial Ordinary index gained 1.1 to 703.7. Some Government securities showed marginal falls. Report, FT Share Information Service, Pages 28–31

● WALL STREET: Dow Jones index closed down 1.83 at 1,231.30. Report, Page 25. Full share prices, Pages 26–28

● TOKYO: Nikkei Dow index edged up 3.78 to 9,450.1, and the Stock Exchange index eased 0.39 to 692. Report, Page 25. Leading prices, other exchanges, Page 28

● GREEK industrialists have accused the Papandreou Government of political persecution of private enterprise following its nationalisation of the Herakles cement group. Page 16

● WEST GERMAN exports to China rose 440 per cent to DM 1.46bn ($550m) in first seven months of 1983. Page 4

● ISRAELI Government raised the price of subsidised goods by 6 per cent. Page 3

● DENMARK has cut its forecast of its 1983 balance of payments deficit from DKr 13-14bn to DKr 10.7bn ($1.12bn).

● HOECHST, the West German chemicals group, expects to boost its profits this year, the rise depending on price increases in the next three months. Page 17

● GRUNDIG and Telefunken, the home entertainment equipment groups, have been told by the West German Cartel Office that their distribution systems violate a price-fixing ban. Page 17

● VOLVO, Sweden's largest group, has put in SKr 400m ($51.3m) to rescue Scandinavian Trading Company, an independent oil dealer. Page 17

Gold price falls sharply to lowest level for a year

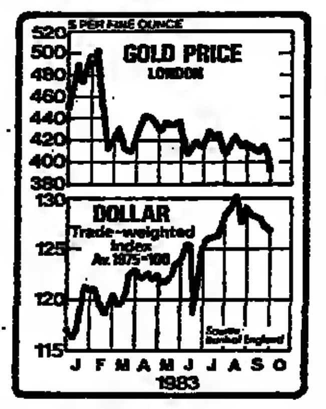
BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

GOLD plunged by $15.25 to close in London yesterday at $391.62 an ounce as a sudden burst of selling took the metal to its lowest level for almost exactly a year.

The shakeout took dealers in Europe by surprise as it coincided with a growing view in the foreign exchange market that interest rates and the value of the U.S. currency might be set to fall. This would normally stimulate the bullion price.

But they said the main impetus *for the drop came from the Far East* and the futures markets in North America, which were hit by speculative selling of gold and silver late last week. Silver also closed lower last night at 710p an ounce, 48p below Friday's close.

Background factors include fears that the International Monetary Fund may have to sell gold to raise extra cash if its planned quota increases fail to pass through the U.S. Congress. Bullion markets have also been worried for some time about sales of gold by the central banks of debtor countries such as Portugal and Latin American nations that are running short of liquid reserves.



This has dampened prospects of any sustained gain in the bullion price and a wave of stop-loss selling was unleashed once the price slipped below the $400 mark, exacerbating yesterday's movement. Trading in London was said to be the heaviest this year.

On the foreign exchange market the dollar closed only slightly lower after opening weak as the prospect of lower interest rates shifted attention on to the record U.S. balance of payments deficit. A major feature was the drop in sterling, which closed 1.3 cents lower at $1.4830. On a trade-weighted basis the pound shed 0.9 per cent of its 1975 value to finish at 82.9, according to the Bank of England index.

Sterling's sharp drop was attributed to the ½ point cut to 9 per cent in commercial bank's base lending rates, but some dealers felt that sterling was likely to lose out to other currencies in any general shift of sentiment against the dollar.

Sterling shed 5 pfg to DM 3.89 and was also marked down to Y347 from Y353 on Friday. Against the Swiss franc it closed down at SwFr 3.1325 (SwFr 3.1775). Trading throughout the day was nervous on wide dealing margins, although actual trading volume was not particularly high.

The dollar finished at DM 2.6190 compared with DM 2.6310 on Friday and at Y233.75 (Y235.60). This was despite a larger than expected $2.3bn increase in the U.S. M1 measure of money supply for the latest

Continued on Page 16

Gold, Page 34; Money markets, Page 35

HK$ and shares weak after Carrian arrests

BY ROBERT COTTRELL IN HONG KONG

HONG KONG police have charged Mr George Tan Soon Gin, chairman of the stricken Carrian property group, and Mr Bentley Ho Kwai Chuen, a Carrian executive director, with offences under the Colony's theft ordinance. Both are to appear before magistrates today.

The news contributed to continuing nervousness in Hong Kong's financial markets yesterday. The Hong Kong dollar fell 50 cents against its U.S. counterpart. In late trading it was quoted at HK$8.75 to the U.S. dollar, reversing gains made last week in the wake of a Government statement that it planned to support the currency.

Analysts said the foreign exchange markets were still anxiously awaiting elaboration and implementation of the proposed measures.

On the Hong Kong stock market, the Hang Seng index fell 43.32 to close at 715.01 its lowest level this year. Analysts said that behind the fall lay news of the Carrian arrests, the Hong Kong dollar's weakness, Chinese criticism of remarks made last week in Hong Kong by Mr Richard Luce, Britain's Foreign Office minister, and speculation about further troubles in the Colony's banking sector.

Mr Tan, 49, is charged under a section of the theft ordinance which relates to false or misleading statements by company directors. Mr Ho is charged with a similar offence and with a second offence under the same ordinance, of false accounting. Mr Tan was arrested at his home on Sunday. On the same day, Mr Ho was detained (although not arrested) at Hong Kong airport.

It was not clear last night what effect, if any, the arrest might have on hopes of saving Carrian from liquidation. A scheme to reconstruct the property group's debts has been in limbo while bankers awaited the outcome of a police raid on Carrian's headquarters on September 10.

The raid coincided with a deadline for bankers to agree the debt reconstruction scheme, in effect torpedoing hopes that such an agreement would be reached.

Bankers have also been troubled by news that other companies associated with Mr Tan, although not considered part of the Carrian Group for the purposes of the debt reconstruction scheme, may also have substantial liabilities. Those loans would raise estimates of total debts associated with Carrian and Mr Tan from a previous U.S.$600m-U.S.$700m to more than $1bn.

China hits out at Britain, Page 3; markets, Page 25

British Labour leader intends to seek wage pact with unions

BY PETER RIDDELL, POLITICAL EDITOR, IN BRIGHTON

MR NEIL KINNOCK, the new leader of the UK Labour Party, yesterday promised that the party would continue to try to secure an agreement with the British trade unions on incomes.

Mr Kinnock said in an interview: "The question for the Labour movement is not whether we have an incomes policy. It is which incomes policy we have, because all governments have incomes policies for as long as they levy taxation, for as long as they employ people."

The 41-year-old Labour leader, who was elected by a massive majority on the opening day of the party's annual conference at Brighton on Sunday, did not give more details. He felt that the alternative economic strategy prepared before the general election in the summer should generally continue and that there should be talks with unions on the distribution of incomes of all kinds, including prices and profits, as well as wages.

In his interview, however, Mr Kinnock clearly indicated that the strategy should be represented as part of the general modernisation of policy. There is unlikely to be a repetition for the time being of the detailed alternative budget proposals of the last two years. Mr Kinnock said: "What we have got to make sure is that many more people understand the basis on which we put forward the strategy."

Mr Kinnock talked in terms of "refinements of policy." He will develop this theme in an important 45-minute speech to the conference on Thursday, which will cover economic, social and foreign policies.

There was no sign during yesterday's conference inquest on the general election of any widespread desire for a change in direction of policy, as opposed to a redefinition of it. Several speakers, including Mrs Barbara Castle, the former Cabinet Minister and now a Euro-MP, warned against shifting policy and won applause from constituency delegates.

The election defeat was primarily blamed on disunity, administrative weaknesses and on what Mr John Golding, the chairman of the party's home policy committee, described as a "terrible campaign."

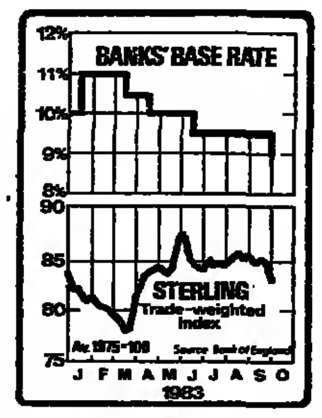
The new leadership team of Mr Kinnock and Mr Roy Hattersley, who was elected deputy leader on Sunday, looks like winning the backing of most of the party for its desire to have maximum freedom of manoeuvre. For example, a far left motion on future strategy was rejected by a five to one margin.

In another move which will weaken the position of the extreme left, the delegates voted overwhelmingly to endorse the expulsion from the party of the five leading members of Militant Tendency, a far left faction. Two resolutions supporting the Militant members, and calling for an end to witch-hunts within the party, were also defeated.

The main problem for the new leader, who succeeded Mr Michael Foot, is likely to be nuclear weapons policy. A Transport and General Workers Union proposal is due to be debated tomorrow which

Continued on Page 16

Conference report, Page 8



UK banks cut base rates by ½ point

By David Lascelles in London

BRITAIN'S leading commercial banks yesterday cut their base lending rates by ½ point to 9 per cent.

The first general reduction in British interest rates for more than three months followed a signal by the Bank of England, the country's central bank, yesterday morning that it was willing to see rates move lower.

Although sterling fell sharply against the dollar, the interest rate reduction had little effect on equity and government securities prices in London.

London markets had been keyed up for yesterday's move for over a week amid speculation that the Treasury and the Bank of England felt that lower rates would help the economic recovery along without jeopardising monetary policy.

Although Mr Nigel Lawson, the Chancellor of the Exchequer, believes the recovery is strong, the Bank in its Quarterly Bulletin last week warned that it might not be broadly enough based to be sustainable.

Many people had speculated that the cut would be timed to coincide with ruling Conservative Party's annual conference next week. Instead it coincided with the opposition Labour Party conference.

The reduction was led by National Westminster and quickly followed by Midland, whose chief executive, Mr Philip Wilkinson, commented that it "hopefully will be a further stimulus to economic recovery." Lloyds followed quickly, but Barclays, the largest of the clearing banks and usually at the forefront of rate changes, did not cut its rate until late afternoon.

The banks' move was welcomed by businessmen.

Lex, Page 16

Creusot-Loire to sell assets in rescue deal

BY DAVID MARSH IN PARIS

AN IMPORTANT restructuring of the French steel and nuclear engineering industries was agreed yesterday as part of government-backed measures to resolve the pressing cash problems of Creusot-Loire, the loss-making private sector engineering group.

To raise funds and stave off the threat of bankruptcy Creusot-Loire is to sell the bulk of its steel activities to the two big state-owned steel companies, Usinor and Sacilor.

It will also sell 20 per cent of its 70 per cent share in the French nuclear reactor manufacturer, Framatome, to the government-owned Atomic Energy Agency (CEA), which already owns 30 per cent of the company.

The measures, announced last night, add up to around FFr 5bn ($627.5m) in cash injections, comprising a mixture of asset sales, bank loans, a share capital increase and a bond issue. This will alleviate Creusot-Loire's immediate financial difficulties.

It does not, however, match the FFr 7bn in cash over four years initially requested during the summer. Creusot-Loire, part of the diversified industrial Empain-Schneider group, lost FFr 670m last year to cap a string of almost continuous deficits since the mid-1970s.

The company looks likely to lay off more than 4,000 of its 30,700 workforce during the next few years even after transferring 7,000 employees to the two steel groups.

The increased state-backed shareholdings in the steel sector – already largely nationalised at the end of the 1970s – and in the nuclear industry will further increase government control of French industry.

The deal stops short of giving further industrial clout to the sprawling Compagnie Generale d'Electricité (CGE), the largest of the groups nationalised by the Government last year, which had made clear its interest in taking a majority stake in Framatome to strengthen its existing nuclear energy activities.

Both the Government and CGE apparently agree that the group has enough work on its hands in assuming the leading role in the sweeping reorganisation of the French telecommunications industry agreed last month.

In detail, the measures provide for the sale to Sacilor of Creusot-Loire's special steel plants at L'Ondaine, Saint-Chely and Pamiers. Sacilor will take over Creusot-Loire's subsidiary, Imphy Total cash realised from these sales is believed to be more than FFr 1.2bn.

The CEA will pay FFr 475m to increase its stake in Framatome to 50 per cent.

Continued on Page 16

November deadline for 'steel swap'

BY PETER BRUCE IN VIENNA

MR DAVID RODERICK, chairman of U.S. Steel, said yesterday that the proposed "steel swap" joint venture between U.S. Steel and the British Steel Corporation's (BSC) Ravenscraig works could be abandoned if agreement had not been reached by the end of November.

He was speaking after a two-hour meeting in Vienna yesterday with Mr Robert Haslam, new chairman of the BSC, and Mr Bob Scholey, the corporation's chief executive.

The two sides, in Vienna for the annual International Iron and Steel Institute's cooference, are due to meet again at the end of this month in Pittsburg, to "refine" the proposals, Mr Roderick said.

These week-long negotiations will be followed by a further meeting in Pittsburg or New York in November at which it is hoped to finalise the deal, under which semi-finished steel slab from Ravenscraig in Scotland would be rolled at U.S. Steel's Fairless works in Pennsylvania.

Mr Roderick confirmed that BSC had balked at U.S. Steel's insistence that the UK side put up $600m to enter into the proposed joint venture.

It seems the two sides are now talking of a substantially reduced initial investment which would nevertheless be used to finance modernisatioo at other U.S. Steel plants.

Steel market forecasts, Page 4

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AMERICAN NEWS

Argentina suspends all foreign currency payments

BY PETER BAINS IN BUENOS AIRES

ARGENTINE ECONOMIC authorities suspended all foreign currency remittances yesterday as the central bank prepared new measures to establish a system of priorities and import controls to protect dwindling currency reserves, banking nfficials said.

The block on remittances bad been announced over the weekend, and companies and banks were told to resubmit requests to the central bank. The government bas also stopped selling dollars to Argentines wishing to travel ahroad.

The move came as Sr Federico Pinto Kramer, a Federal judge in the Argentine province of Santa Cruz, dashed bopes of a quick resolution to the deadlock over the rescheduling of state company foreign debts totalling $7.5bn.

The judge bad earlier imposed a "freeze" on all new debt rescheduling agreements, basing himself on legal objections to the "extraneous jurisdiction" clauses, which provide for disputes to be settled in New York courts.

The Government appealed against the decision, and Jndge Pinto Kramer responded by saying that the authorities were entitled to sign new rescbeduling agreements, but only on condition that the extraneous jurisdiction clauses were not included. As this satisfies neither the economic authorities nnr the creditor banks, the Government is expected to take the case to higher courts.

There was concern, however, that the legal complications may not be resolved before the October 17 deadline set by the creditor banks.

The ban on foreign currency remittances created confusion on the dollar hlack market, where most operators were refusing to give quotations cu Monday. It was widely expected that the black market dollar, which closed at 25.35 pesos on Friday, would surge upwards to at least 29.00 pesos. These black market rates compare with an official rate of 13.1 pesos.

Thera was also confusion on the real size of the country's overdue and unpaid interest and commercial debts. The central bank has not been releasing figures. Estimates ranged from $1.1bn at the top end down to "$500m or less," according to Central Bank officials. Banking officials said that Argentina had reduced the backlog in Angust but that it was now increasing again.

Trade union leaders were due to take a decision yesterday afternoon on whether to press abead or call off the 24 hour general strike due today.

Laker liquidator files suits against two more airlines

BY OUR FOREIGN STAFF

THE liquidator for Laker Airways, the collapsed carrier built up by Sir Freddie Laker, bas filed suit in the U.S. against SAS, the Scandinavian airline, and UTA the French independent airline, charging them with violations of the U.S. anti-trust law.

This follows similar action against Pan American Airways, Trans World Airways, British Airways, Lufthansa, Swissair, Britisb Caledonian Airways, KLM, Sabena, McDonnell Douglas and McDonnell Douglas Finance Corporation.

Mr Christopber Morris, the liquidator, said "the law suit filed in the U.S. Federal Court in Washington alleges that the defendants conspired to drive Laker out of husiness, and seeks substantial damages on behalf of Laker's creditors and shareholders."

Laker Airways operated a low-fare service between the U.S. and UK from 1977 until it was forced to suspend operations on February 5 1982 hecause of financial difficulties.

The U.S. law suits against Laker's British competitors bave caused a considerable row over wbether U.S. courts have jurisdiction over the dispute.

Feldstein sees good growth for 1983

By Anatole Kaletsky in Washington

U.S. ECONOMIC growth will be between 6 and 6.5 per cent from the end of 1982 to the end of 1983, Mr Martin Feldstein, chairman of the council of economic advisers, said yesterday. Mr Feldstein's prediction, which he described as a "personal estimate," is one percentage point higher than the Reagan administration's latest official forecast of 5.5 per cent growth, published in the summer. But Mr Feldstcin said that his long-range forecast for average annual growth of 4 per cent between 1983 and 1988, remains unchanged.

The 6 to 6.5 per cent forecast for 1983, which is in roughly line with the consensus view of most private economists in the U.S., implies that Mr Feldstein expects a slight further moderation in the economy's expansion, during the final quarter of this year, to an annual rate of between 4.5 and 6.5 per cent. During the second quarter the economy grew at a 9.7 per cent annual rate and the Commerce Department's preliminary estimate for thc third quarter's growth rate is 7 per cent.

Mr Feldstein, whn was speaking et a business week conference, also insisted that President Ronald Reagan remained committed tn reducing U.S. budget deficits in the years ahead. Commenting on recent statements by Mr Donald Regan, the Treasury Secretary, to the effect that there are no known links between large budget deficits and high interest rates, Mr Feldstein declared that tha President believes "strongly and firmly that deficits are harmful to our economy." It was "utter nonsense" to suggest that the President had backed away from his proposals to increase taxes from 1985 onwards if this proved necessary to curb deficits.

But Mr Regan, speaking separately to another Washington audience, repeated yesterday that "spending restraint and not tax increases" were the best way to deal with budget deficits.

Markets are nervous over central bank policy, writes **Stewart Fleming** in Washington

Booming U.S. economy silences Fed's critics

WITH THE U.S. economy barrelling along at an anticipated real growth rate 5 to 6 per cent this year, inflation currently running around the 4 per cent mark and tha three main measures of the money supply within target ranges, the Federal Reserve, the U.S. central hank, bas been out of the political firing line for the past few weeks.

Indeed, Fed officials may have found it hard to repress a wry smile as Treasury Secretary Donald Regan and Mr Martin Feldstein, tha President's chief economic adviser, crossed swords in public on the question of wbether or not big budget deficits cause high interest rates.

The Reagan Administration aeems to bave forgotten that the safest place to lay the blama for high interest rates is on the doorstep of the central bank's elegant neo-classical beadquarters on Constitution Avenue. The Fed's Open Market Committee is widely expected to maintain its low profile when it meets today.

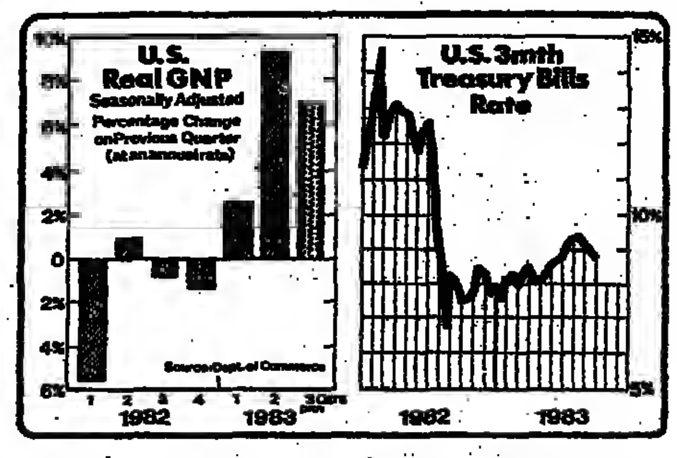
The Fed's critics may just be pausing for breath. Monetarists are already muttering about an apparent lack of a clearly defined plan for keeping policy on track. Such critics feel that there is too much pragmatism, some would sap opportunism, in tha way policy is central bank can point to some conspicuous successes in the brief 12 months since it formally announced that It was modifying tha monatary policy techniques it adopted in October 1979 in the midst of tha U.S. currency and inflation crises.

The policy adopted in that year to tackle these threats focused on trying to control the money supply througb managing bank reserves directly rather than through the interest rate on overnight interbank loans (Fed funds). The new approach helped to send interest rates soaring to peaks of 20 per cent and more in 1980 and 1981, and induced at times wild interest rate fluctuations. By mid-1982 tha U.S. economy was mired in a recession for which the Fed was catching the blame, and the world's financial system was tottering on tha brink of collapse, in part because of the clash between U.S. monetary policy and the debt burdens of several developing countries.

Thus almost exactly a year ego, with inflation halved to under six per cent and tha dollar rampant on the foreign exchanges, Mr Volcker disclosed that the Fed would put less emphasis in future on trying to control what be saw as the distorted monetary aggregates and more weight on the state of the economy.

The fruits of the monetary stimulation whicb followed, coupled with the boost from the Government's deficit spending, turned up in the second and third quarters of this year. Provisional figures from the Commerce Department suggest that real growth in gross national product was around seven per cent between Juno and September. In the previous quarter the growth rate was 9.7 per cent.

Indeed, the strength of the economy's second quarter performance, and the fact that thc money supply was accelerating outside the target ranges, prompted the Fed to embark on what it saw (according to the subsequently published minntes) as a cautious tightening of policy. The market's respensa was anything but cautious; yields on a wide range of securities jumped 1½ to 2 percentage points between May and Angust.



In the past four weeks, as the growth of the money supply has slowed and there have been tentative signs of a cooling in tha expansion of the economy. Wall Street has been alive with speculation that the Fed has relaxed the monetary reins a little. Some economists cite as evidence the fact that the central bank has been pumping funds into the financial markets recently.

Most agree that the evidence is inconclusive, for the waters bave been mudied by a build up of cash balances at tha U.S. Treasury which has been taking liquidity out of the markets, a shift the Fed has been trying to offset. Nevertheless rates have fallen from their August levels with three-month Treasury bills yielding 8¾ par cent last week compared with 9½ per cent in tha second week of August and 30-year Government bond yields down around half a percentage point at 11¼ per cent.

While monetary growth has slowed sharply and there have been signs that the second quarter's torrid economic growth has cooled, few are expecting any dramatic new initiatives from the Fed's Open Market Committee at its meeting today. Seven per cent growth in the third quarter is still a hot pace, especially since some of the apparent slowdown from the second quarter may reflect anomalies such as e shortage of cars in dealers' showrooms which depressed car sales.

Moreover, the U.S. economy's momentum is shown by the fact that much of the second quarter's growth stems from the efforts of companies to build np their stocks. The fact that declining export sales are acting as a drag on the economy also demonstrates how strong domestic demand remains.

It is a measure of the markets' unease about the future and the impact the Administration's hudget deficits could have, that today long term interest rates are hardly any lower than they were a year ago, when the Central Bank set out to stimulate the economy. Thirty-year Treasury bonds are still yielding 11¼ per cent; a year ago it was 11¾ per cent. The market's lack of confidence in the prospects for an inflation-free future also limit the central bank'e room for manoeuvre.

Time poll shows strong support for Reagan

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

PRESIDENT Ronald Reagan again surged forward in popular support last month, reaching an approval rating of almost 60 per cent, according to a leading opinion poll published yesterday.

The findings were released as former Vice-President Walter Mondale was still savouring a weekend of successes in his hid to be next year's Democratic presidential contender, while his chief rival, former astronaut Senator John Glenn of Ohio, was refusing to be too disheartened.

The new Timo magazine poll put Mr Glenn still close behind Mr Mondale among Democrats and Independents, with 26 per cent support for Mr Glenn against Mr Mondale's 28 per cent.

The poll was taken, however, before Mr Mondalo won the Maine Democratic presidential preference "straw poll" on Saturday and secured the backing of leaders of the AFL-CIO, the country's largest labour federation, and the influential National Education Association, the biggest teachers' union.

Mr Glenn's camp was drawing comfort from what it saw as the relatively unflattering manner (to Mr Mondale) in which these events were reported on national television. His aides thought the tona of the reports depicted Mr Mondale as a slick, high spending politician in the pocket of organised labour. They were also looking ahead to the boost they think Mr Glenn will soon get from the much-trumpeted release of a major new feature film, "The Right Stuff," extolling the beroism of the original seven astronauts.

Mr Glenn, on the other hand, slipped a little at tho week end in the eyes of soma women voters wben he appeared to suggest that the influential National Organisation for Women (NOW) had not worked hard enongh for the Equal Rights Amendment to the constitution, a major concern of the womens' movement.

Tha growing importance of the women's vota was acknowledged by all six Democratic contenders invited to the NOW convention at the week end — including Mr Mondale and Mr Glenn. They all said they would consider a woman as vice-presidential candidato if they won the nomination.

The Time poll, however, showed that Mr Reagan would still be a hard man to beat if he runs again. Hia approval rating had risen to 59 per cent, against 54 per cent in June and only 45 per cent in March, largely because of his success in curbing inflation, the poll said.

Court to study commercial paper dealing

WASHINGTON—The Supremo Court has agreed to review tho right of banks to deal in commercial paper, short-term unsecured debt issued by corporations to raise funds.

The case involves a challenge hy the Securities Industry Association and A. G. Becker, a commercial paper dealer.

They challenged a 1980 ruling by the Federal Reserve Board allowing Bankers Trust of New York to act as a broker for commercial paper sales by certain corporations not related to Bankers Trust.

The case is seen as a major test of the continuing process of deregulation.

WORLD TRADE NEWS

West Germany's exports to China leap by 40%

BY LESLIE COLITT IN BERLIN

WEST GERMAN exports to China leaped 40 per cent to DM 1.45bn (£345m) in the first seven months of this year, boosting West Germany's challenge to the U.S. to become China's second largest trading partner after Japan.

Count Otto Lambsdorff, West German Economics Minister, tomorrow joins the Joint Sino-West German Economic Commission for three days of talks in Peking.

German companies active in trade with China say last year's lifting by Peking of its previous ban on new industrial projects accounts for thc surge in German exports led by sbipments of large-diameter pipe.

Chinese exports to West Germany, bowever, rose by only 5 per cent to DM 1.062bn in the first seven months. Tha Germans visiting Peking are to advise the Chinese on ways to overcome this gap.

Both sides will sign an investment promotion agreement regulating compensation for West German companies in the event of expropriation and covering capital transfers.

West German companies see good prospects of steadily increasing their trade, with China, although not at anything like this year's rate of expansion. The largest openings are seen in plant and equipment, mechanical engineering, steel and communications.

For the first time, medium-sized German companies are entering the Chinese market as a result of the shift in China's economic development policy away from the exclusive emphasis on heavy industry.

The German traders warn that the Chinese market is loaded with pitfalls and requires much "time, money and patience," in the words of one company representative. He called the Chinese the tougbest and slowest negotiators he had ever dealt with.

One of the stickiest points in negotiations be noted is that the Chinese want to obtain edvanced German technology for "virtually nothing."

China has sent 12 industrial delegations to West Germany thus far this year and the companies visited last month by Zhao Jiannan, Chinese Minister of Mechanical Engineering, were the leading ones in trade with China: Schloemann-Siemag, Mannesmann-Demag and Krupp.

VW was also on the agenda as its technicians are currently helping the Chinese to assemble the first few bundred VW Santana cars for the Chinese market.

VW bopes that by early next year it can crown three years nf negotiations with the Chinese by an agreement to set np a joint company to manufacture the car in China.

Schloemann-Siemag beads e consortium which is building a DM 1.3bn steel plant at Baoshan and is negotiating hard to get another large contract in China. Financing is generally said by the Germans to ba a problem.

Although the Chinese pay in cash for smaller imports, they resist paying more than "token interest rates" for credits, one German industrialist complained. But the West German Government steadfastly refuses to subsidice lower interest rates.

Egypt seeks better terms in car plant

EGYPT HAS told Régie Nationale des Usines Reneult and Automobiles Peugeol SA to come back with nffers of better terms for Egyptian participants in a planned car plant, on Egyptian official said.

The official, from the General Organisation for Industrialisation (GOFI) said that in separate talks, GOFI had asked botb French bidders to adjust their offers to allow a greater role for Egyptian industry.

GOFI is a government-affiliated body which decides on the feasibility of industrial projects.

Egypt is to choose eitber Renault or Peugeot to build the plant, which the official said was to begin production in 1985 and reacb full capacity of 25,000 cars a year by 1988.

The official declined to say how much would be invested in the project but said the French companies agreed tn reply to GOFI later this month.

The plant would turn out Renault's R-5 or Peugeot's 305 model for the growing domestic car market. Reuter

Tunisia in drive to boost sale of its goods abroad

BY FRANCIS GHILES

THE TUNISIAN Government has announced measures to boost exports, part of a broader effort to cut the deficit of the balance of trade. The trade deficit increased by 23.7 per cent last year to reach Tunisian Dinars 783m (£760m).

The new measures include setting up of state export corporations to promote the sale of Tunisian products abroad, and of a national body to advise and insure Tunisian exporters against commercial risk.

Visitors to Tunisia who pay for what they purchase in bard currencies will be exempted from sales tax.

These measures follow import restrictions introduced three months ago, which restrict imports of certain raw materials and semi-finished goods to 80 per cent of 1982 volumes.

The deficit of Tunisia's balance of trade is estimated to have grown by 10 per cent during the first six months of 1983 compared with the same period last year.

This was the result of lower output and prices for Tunisia's major hard currency earner, crude oil, a decline in the number of tourists visiting the country and poor crops after bad weather.

In its annual report raleased just over a month ago, the central bank warned that the immediate outlook was bleak.

Gross Domestic Product, calculated on the basis of 1980 prices, had only grown by 1.5 per cent in 1982, a figure well below the 3.8 per cent target of the Sixth Economic Development Plan (1982-86).

The bank also warned that at a time when the industrial sector required a growing volume of imports of capital and semi-finisbed goods to meet its development requirements, private consumption should be cbecked more rigorously, to avoid any "unjustified haemorrhage" of foreign exchange and help reduce inflation.

Westland hopes for £50m Indian 'copter deal

By Joho Elliott In New Delhi

WESTLAND of the UK hopes to win a contract worth about £50m-£60m later this year to supply 27 medium-class helicopters to the Indian Government and to the Oil and Natural Gas Commission of Bombay.

It has been demonstrating the aircraft, a Westland 30 which bas been developed from the Lynx, at bigh altitudes in Northern India and in Bombay.

But whila the helicopter has impressed Indian officials, it is more highly priced than its competitors, and Westland is facing an uphill task persuading them not to buy from one of its cheaper competitors.

The main competition is the considerably cbeaper but less powerful Aerospatiale Dauphin from France. Other bids bava been submitted by Bell and Sikorsky from the U.S.

Political considarations, especially close ties between India and France, are likely to influence the final choice, Westland is not sure wbether the fact that It won a £200m Indian Navy order earlier this year for its Sea King helicopters with Sea Eagle missiles will assist or hinder it now.

Westland has submitted joint production proposals to Hindustan Aeronautica of Bangalnre, and the UK is believed to be prepared to give India financial ald, totalling perhaps £30m or more.

The order was first mooted in 1980 but Westland only submitted its proposals last year. On present plans, tha order will involve 31 belicopters for the commission to service offshore oil and gas operations and six for the Indian Government to use for ministerial and other flights.

Britain grants Burma £1.2m

By Our Rangoon Correspondent

BRITAIN bas provided a £1.2m grant to Burma under notes exchanged in Rangoon yesterday.

This grant represents 24 per cent of cost of Hydromaster marine propulsion units and spart parts being purchased by the Burmese Government.

Altogether 72 units will be bought to power commercial vessels of the state-owned Inland Water Transport Corporation, and a contract to supply them has been won by Sykes Marine of Britain.

Forecasts for 1983 have proved too optimistic, **Peter Bruce** writes

Western steel consumption hopes abandoned

HOPES FOR a recovery in Western steel consumption this year have finally been abandoned by the international steelmaking community.

Mr Lenhard Holscbuh, secretary general of tha International Iron and Steel Institute, told the organisation's annual meeting in Vienna yesterday that demand for steel in tha West was likely to fall 1.7 per cent this year from the 401m tonnes consumed in 1982.

Little comfort

IISI forecasts for 1983, made e year ago, have proved too optimistic. The new consumption forecast for tha world of 653m tonnes is more than 5 per cent lower than estimates of a year ago.

There was little comfort for steel producers in Mr Holschuh's prediction that total world steel consumption this year would be up 0.6 per cent on 1982. The bulk of the increase has been due to large orders from China and North Korea, wbose combined consumption is forecast to rise 12.8 per cent to 53m tonnes.

Tha IISI is predicting a substantial recovery in 1984—6.9 per cent to 326m tonnes in the west and 3.7 per cent to 677m tonnes overall. Given its over-optimistic predictions in the past few years, bowever, tha 1984 forecast is likely to be treated with caution.

Steel producers from 36 countries are meeting in Vienna against a hackground the IISI admits is "bleak." For the first time in at least 10 years the Institute has failed to provida estimates of capital expenditure in the steel industry for the current year and a year ahead. With a few exceptions, Mr Holschuh said, IISI members "did not feel that they could predict investment spending with any accuracy: the uncertainties surrounding tha mimediate future are such as to bring planning almost to a complete halt."

Overall decline

Medium-term forecasts for demand released yesterday by the Institute, show world steel consumption rising from 719m tonnes in 1980 to 725m tonnes in 1985 and 758m tonnes by 1990. These eppear optimistic. To arrive at the 1985 figure demand would have to increase some 7 per cent over 1984.

Possibly the most depressing element of tha medium-term forecast, for the major western steel makers at least, is that they predict an overall decline in consumption in the industrialised west from 365m tonnes in 1980 to 340m tonnes in 1990. According to the forecasts, the main increases in world demand will come from developing countries, where consumptinn is expected to rise from 98m tonnes in 1980 to 112m tonnes in 1985 and 137m tonnes by tha end of tho decade. What worries the major western producers is that tha developing countries thremselves are rapidly emerging as tough competitors in their own markets and in the industrialised markets.

The third world share of total liquid steelmaking capacity, which stood at only 6 per cent in 1974 and 10 per cent three years ago, could rise to nearly 20 per cent by 1990 according to IISI forecasts.

Air pact sought for Netherlands, Surinam route

By Our Utrecht Correspondent

SURINAM Airways (SLM) is seeking agreements with European airlines to operate the Paramaribo-Amsterdam route.

The Surinam Government has said it will not renew the civil avietion agreement between SLM, Royal Dutch Airlines (KLM), and Antilles Airways, (ALM), which lapses on October 15 because of an SLM-ALM dispote over operation of the Peramaribo - Antilles - Miami route.

Surinam ond the Antilles heve refused landing rigbts for each other's airlines for over a year. But hecause the eigbt-year-old agreement jointly includes KLM, it now means the and of fligbts between Surinam and the Netherlands.

A spokesman for tha Dutcb state Civil Aviation Department said yesterday that flights could be resumed on the basis of individual landing permits granted hy each Government to the other's airline, without necessitating renewal of the agreement.

But he edded that indications are that the Surinam Government would oppose this.

A KLM spokesman said all bookings after October 15 will be honoured at no extra cost, possibly by flying KLM from Amsterdam to Caracas, and taking the regular SLM service to Paramaribo.

Scope 'may exist for closer City-ECGD links'

SCOPE may exist for closer collaboration between the Government's Export Credits Guarantee Department and the City of London, the new bead of the ECGD said yesterday.

Mr Jack Gill, ECGD Secretary, was commenting on the Government's decision to set up an independent review of the Department's status and functions.

"Wa have no statutory monopoly and we have never sought e statutory monopoly," he said. But the nature of tha Department's work had tended to give it a *de facto* monopoly of credit insurance for exporters in tha past.

"But times change, and there are organisations springing up in the City. We would hope to keep the main thrust of our business going, howevar."

Mr Gill, former director of the industrial development unit in the Department of Trade and Industry, said be would not prejudge the report of the government-appointed committee.

But he admitted it would be "awkward" if the City succeeded in taking the best risk business and left the ECGD with the worst. "In that case, would the exporting community be better or worse off?" he asked.

The private sector had in the past attempted to carry the kind of insurance risks in which ECGD specialises but had found those risks too great to bear, Mr Gill observed.

The ECGD's job was to continue to find tha right balance between fulfilling its statutory duty to encourago trade and its financial objective of paying its own way.

Mr Gill takes over at a time when ECGD's status as e government department is being seriously questioned by many business leaders, and its virtual stranglehold on export credit insurance is again being challenged by tha private sector.

The review committee, headed by Sir Peter Matthews, chairman of Vickers, has begun taking evidence and is due to report early in the New Year.

Mr Gill said it was right that the ECGD should be looked at from time to time. But be added: "One might say It is a miracle thet we have got through this terrible recession and still be in tha black."

The Department is, however, expected to slip into the red on its main, commercial, account before the end of the year because of record claims against it.

Taiwan revises export quota regulations

By Bob King in Taipei

TAIWAN'S Economics Affairs Ministry has announced a revision of regulations governing the allocation and the use of textile quotas which, if enforced, should, it is boped, undo some of the snags for textiles buyers.

The new provisions, which take effect from January 1 1984, in principle will eliminate the dominance of e few large companies in quota dealings and may cause manufacturers in Taiwan to pay more attention to previously neglected markets in non-quota countries.

The Taiwan Textile Federation officials say they will bave to enact a more detailed study before the total implications become clear.

It is clear, bowever, that the new regulations are designed to force holders of lifetime quota—so-called because it is based on previous years' export performance and is generally beld for life by the original owners—to use It themselves rather than sell It year after year to factory owners without quota.

Under the revision, those companies caught selling their quota allocations will lose them and possihly the right to export as well.

Prices of subsidised goods raised in Israel by 6%

BY DAVID LENNON IN TEL AVIV

THE ISRAELI Government raised the price of subsidised goods yesterday by 6 per cent, a signal that it is abandoning its attempt to combat triple-digit inflation by holding down the prices of basic goods and services.

The accumulating bad news about the economy has been ignored and belittled in public by the Treasury for weeks, but it now appears to have realised that the foreign debt price tax for the past year's unsuccessful war on inflation is endangering tha country's standing in the world as a credit-worthy borrower.

The Treasury has been pouring money into the subsidies on basic commodities for the past year. This was part of the policy to keep the monthly price increase down to 5 per cent, regardless of the real rate of inflation in the economy, which always exceeded this amount.

But yesterday the dam began to crack. Indeed, if it was not for some ministerial opposition, the increases would have been 10 per cent.

Now that the Government appears to be abandoning its failed policy of trying to fight inflation through massive support for the shekel and subsidies, there is a growing expectation of more severe economic steps.

But the interim caretaker Government is probably too divided to approve any radical change of economic policy and the attempts to form e new coalition quickly appear to be foundering.

Mr Yitzhak Shamir, who was invited by the President to try to form a new government, is planning to seek Knesset approval for his coalition tomorrow or on Thursday. But his chances of winning parliamentary approval appeared to dim yesterday.

Six maverick members of his own Likud bloc asked him yesterday to delay presenting his coalition to the Knesset for approval wh... attempts are renewed to bring the opposition Labour Party into a broad coalition of national unity.

Mr Moshe Arens, Israel's Defence Minister, accused Egypt yesterday of "flagrantly violating" its peace treaty with Israel by withholding its ambassador for the past year. He said that if Israel had known before it signed the Camp David peace accords that Egypt would "act in this fashion in the event of disagreement between the two countries, it is doubtful that we would have gone so far in our concessions for a peace treaty." AP

Egypt goes to polls today

BY CHARLES RICHARDS IN CAIRO

EGYPT'S ruling National Democratic Party is set for a clean sweep of 70 seats in today's elections for the Upper House, the Shura Council, following the decision of the small opposition parties to boycott the elections because of objections to electoral procedure.

Half of the 210 seats of the Council are to be filled, 70 by ballot, 35 by direct presidential appointment.

President Hosni Mubarak's choice of appointees will indicate the degree of political diversity he desires in the largely consultative chamber. Already a number of prominent opposition figures have indicated that if asked they would not accept an appointment.

Meanwhile, the lower house, the People's Assembly, extend Sunday emergency regulations for a further year. The Government said it wanted the extension to combat terrorist groups plotting to undermine the security of the state.

Interior Minister Hassan Abu Basha said that over the past year police had uncovered 13 terrorist groups, and found 18,000 rounds of ammunition, 25 rockets and nearly a quarter of a tonne of explosives.

Over the past two months the minister has revealed the arrests of a large number of terrorist suspects, covering the whole range from Islamic extremists to armed Communists as well as Palestinian and Libyan-backed groups.

Britain under fire over Hong Kong

By Mark Baker in Peking

THE BRITISH Government came under fire from China yesterday for recent comments on the future of Hong Kong, intensifying the war of words between the two governments.

Both Mrs Margaret Thatcher, the British Prime Minister, and Mr Richard Luce, the Foreign Office Minister responsible for the colony, were accused of making "inappropriate remarks" by the Chinese Foreign Ministry.

"Of late, responsible personnel of the British Government bave time and again talked improperly obout the future of Hong Kong and this aroused serious attention from various circles," a spokesman said in Peking.

"China and Britain are now conducting talks on the Hong Kong question. We hope that both sides show sincere and co-operative attitudes towards the talks so that positive results can be achieved at an early date.

"Inappropriate remarks made by British leaders cannot lead to a reasonable solution of the question, but serve to make the talks more difficult."

The criticism appears to be directed particularly at remarks made by Mr Luce last Wednesday during a visit to Hong Kong. He had described earlier public statements by China as "unhelpful" to the talks and given a warning against "megaphone diplomacy."

But Xinhua, the Chinese news agency, said tha Foreign Ministry criticism was also aimed at Mrs Thatcher, who had said on September 23 that there was "great political and financial uncertainty" about the colony's future.

China's latest remarks appear incongruous considering the intensive campaign of official statements and press reports which it mounted immediately before the last round of talks in an attempt to put pressure on Britain.

While both sides formally agreed to maintain confidentiality over the talks, China was the first to break ranks when it thought such action might help its negotiating position.

Japan's almanac points to winter election

BY JUREK MARTIN IN TOKYO

FORMER JAPANESE Prime Minister Kakuei Tanaka (left), was reported to be ill yesterday, nine days before a court verdict on his alleged involvement in the Lockheed scandal. He suffered a sudden rise in blood pressure, but his condition was said not to be serious. The verdict in the Tanaka trial may be a key factor in when Mr Yasuhiro Nakasone (right) calls an election.

THE JAPANESE always pay great attention to the calendar. Each month has a number of "good" and "bad" days, when it is advisable to do, or not to do, something, as well as a lot of neutral ones.

It so happens that Sunday, December 11 is an unpropitious day. It is therefore considered improbable in the extreme that a general electioo will be held then. But there is nothing wroog with either the Sunday before or any of the five or six Sundays afterwards (except, of course, New Year's Day, when the Japanese will not stir from their ancestral homes and temples). In any case, the Japanese like winter elections.

For all the proverbial inscrutability of Mr Yasuhiro Nakasone, the Prime Minister, there is hardly a political soul in Japan who is not betting on a winter election. Tha likelihood of political uproar and parliamentary deadlock is so great on so many issues (the Tanaka verdict, tax cuts, budget cutting, the planned economic package, civil service wages) that it is hard to see bow the ruling Liberal Democratic Party can avoid going to the country, not so much to resist the political opposition as to keep its own bouse in order.

Leaving aside superstition, the Japanese political calendar in the coming months already contain the following critical dates:

● On October 12, Mr Kakuei Tanaka, the former Prime Minister, sitting Diet (parliament) member and master of the smoke-filled tatami room, will discover if he is innocent or guilty of charges that he took \$2m in bribes while Prime Minister to promote the sale of Lockheed TriStar jetliners.

● From October 30 to November 4, Chancellor Helmut Kohl of West Germany pays an official visit: from November 9-12, President Reagan does likewise: on or about November 20, Mr Hu Yaobang, tha Chinese Foreign Minister, is due. Japan has rarely had such a succession of important state visitors in such a short period.

● By December 31, the Government is obliged to have drawn np next year's budget, which will be austere and thus hardly the stuff of which pre-election campaigns are made.

In between the dates, the calendar also has substance. The political consequences of tha Tanaka verdict are already the subject of endless speculation. It is widely assumed he will be found guilty and then appeal; it is not, however, anticipated that he will take the easy way out and defuse the situation by resigning his Diet seat (to run again and probably be returned by his Niigate constituency whenever an election is called). The LDP, which, as a party, cannot profit from the Tanaka controversy, has not yet found a way to persuade him to leave the stage gracefully.

In any case tha opposition will try and force him out unceremoniously from parliament. Such a motion cannot succeed unless elements in the LDP either support it or abstain from voting. Their dislike of Mr Tanaka apears profound but perbaps not to the point of going that far. Thus, if the motion to remova him is blocked, the opposition may have recourse to that favourite Japanese political tactic, the parliamentary boycott.

The Diet could also be hrought to a standstill hy disputes over one or more of the policy issues confronting it. The opposition wants a tax cut half as big again as the Y1,000bn the Government appears to be proposing. The Government also wants "administrative reform", which means bndget cutting, and some higher indirect taxes, which the opposition reckons it can fight profitsbly in the eyes of the public.

The opposition Socialist Party, in particular, is likely to throw a fit if the Government tries to pare down the recommendations on civil service pay from its quasi-independent National Personnel Agency. It did so last year, bnt to no avail, as bureaucratie salaries ended up frozen for the year. Whenever the promised economic package stressing import promotion is unveiled (now scheduled, tentatively, for late October, hnt in any case before the Reagan visit) there are bound to be objections and criticisms from both sides of parliament.

The point is that any or all of these factors could come to a head at any time. Mr Keizo Ohuchi, a leading member of the Tanaka faction of the LDP, foresees the Tanaka case and the tax cut issue both boiling over in late October. But a prominent local political analyst, Prof Rei Shiratori, douhts that a divided opposition and disaffected LDP members could ever manage to focus cn more than one subject at a time. Both agree that the succession of visiting dignitaries will serve to restrain Government and opposition a little (since neither wants to contribute to an image of Japan in turmoil). Their presence also presumably rules out a November election.

Outbreak of shooting in Beirut

THE LEBANESE army clashed with militia gunmen in south Beirut yesterday and shells or tank guns were fired for the first time since a ceasefire one week ago, Reuter reports from Beirut.

An army spokesman said the outbreaks were not serious. He said it was not clear who the gunmen were. They were not from the big Shi'ite moslem Amal (hope) militia which still controls Shi'ite southern suburbs.

Meanwhile, a compromise in a dispute over observers for the ceasefire was reported under consideration yesterday. The plan is said to call for a United Nations force drawn np from countries chosen by Syria.

Reagan Asia trip under review

BY EMILIA TAGAZA IN MANILA AND REGINALD DALE IN WASHINGTON

PRESIDENT Ronald Reagan said yesterday that his entire five-nation Asian trip planned for November was under review, increasing speculation that he may call off his trip to the Philippines.

Earlier hints by the White House that the Manila leg of the trip might be cancelled had led to President Ferdinand Marcos of the Philippines to back away from his threats that a cancellation may "present problems with the U.S. bases" in his country.

Mr Marcos said on U.S. television late on Sunday that, while a cancellation would be a "setback," be "would leave it up to President Reagan and his advisers to decide wbether or not the U.S. President's official visit to the Philippines should be cancelled for security reasons."

President Marcos did not, bowever, repeat previons remarks concerning the Clark and Subie bases, which are America's largest military facilities outside the U.S.

President Reagan said that the reassessment of the trip—which is also to include Japan, South Korea, Indonesia and Taiwan—was "based totally on the changed situation in Congress . . . and it is not involving the dropping of any country that is scbeduled on the trip and it is only a discussion of postponement."

Nevertheless, there was speculation in Washington that Mr Reagan might be reconsidering the visit in the light of continuing violent political protests in the Philippines.

There was also speculation that Mr Reagan's planned visits to Thailand and Indonesia might also be cancelled if the Philippines was excluded, at least in part, as a face-saving device for President Marcos.

The Pbilippines visit has been anticipated in Manila as an endorsement for President Marcos's Government, which has been beset by criticisms and suspicions of possible official complicity in the August 21 assassination of Mr Benigno Aquino, the popular opposition leader.

It is still apparent in Washington that the U.S. Administration wants to support Mr Marcos as a major ally if possible. However, the White House does not want Mr Reagan exposed to any bumiliating experience or to associate himself too closely with Mr Marcos if the future of the Pbilippines Government is in doubt.

Kuwait central bank chief quits

KUWAIT'S financial community experienced its second major shake-up in the wake of its stock exchange crisis with the announcement yesterday by the Government of the resignation of Mr Hamza Abbas Hussein, the central bank governor.

Mr Hussein beld the post from its inception some 15 years ago, and was much admired in local banking circles. It was largely due to his efforts that the Kuwaiti banks emerged relatively unscathed by the upheavals caused by the collapse on the Souk al Manakh stock market.

The governor is Abd'el Wahab al Tamar, chairman and managing director of the Kuwait Foreign Trading, Contracting and Investment company.

TECHNOLOGY

EDITED BY ALAN CANE

Why 5¼ inch Winchesters are breaking through

Professional Personal Computing

FOR PERSONAL computer users, the next main acquisition is likely to be 5¼ in Winchester discs systems for the mass storage of information. These discs will represent a market of U.S.$14bn next year according to some industry experts.

Why will these discs become popular on microcomputers? Well, this can be understood by looking at the development of the computer itself. In a small business or professional computing application, the user normally starts off with a simple operating system like CP/M and the basic computer peripherals such as a printer, floppy disc, screen and keyboard.

Applications are usually simple, such as financial modelling and order entry, but as the user gains experience more functions are added to the computer's tasks.

Then multi-tasking is usually added to the computer so that it can carry out more than one job at a time with more terminals and this demands greater memory capacity. Each time the computer has to carry out more tasks the greater is the need to access the disc system which means that fixed discs are the only real solution.

The reasons for the growth of Winchester discs is that personal computers will grow at an annual rate of 42 per cent until 1988 according to Dataquest market analysts. This coupled to the increasing office automation will demand greater memory storage capacities for the smaller office machines.

Winchester discs represent one of the fastest growing sectors in the computer market. It really got off the ground in the late 1970s. The market leaders in 5¼ in discs — the systems which are presently going into small business systems — are companies such as Seagate and Tandon in the U.S.

So far the bulk of products for all sizes of discs are U.S. produced. The U.S. produces five times as many discs as anyone else including the Japanese.

These memory systems are based on a thin layer of mag-

Small size but large capacity Winchester discs are moving into small business systems while Microsoft announces a new operating system for personal machines

netic material, usually ferric oxide, laid on a circular rotating disc. A drive unit can contain one or more discs. Information in the form of binary digits—bits—is stored on concentric tracks recorded onto the magnetic medium. Just like floppy discs, each track is sub-divided into e fixed number of sectors.

Unlike floppy discs, Winchesters cannot be removed from their casing — hence the name fixed or hard discs — but are capable of storing an enormous amount of information — typically between 10 and 500 megabytes according to disc size, but the capacity of discs is increasing at a dramatic pace with an equivalent drop in price per megabit.

For example, according to a new report called Winchester Discs in Microcomputer Systems by Jonah McLeod, two new companies announced their intention to design and manufacture low cost, high capacity, 5¼ in systems.

Vertex Peripheral, based in San Jose, California, says that it has e system capable of storing 72.3 megabits while Maxtor Corporation based down the road in Santa Clara claims that its design has a capacity of 190 megabytes. McLeod says in the report that this is impressive when one considers that only three years ago when Seagate Technology opened up the market for 5¼ in Winchesters discs stored a mere five megabytes.

The first Winchesters which came on the market used 14 in discs and are still used on large mainframe systems. Now the market is moving down to standards of 5¼ in discs and even smaller sizes around 3 in are now emerging to suit the personal business computing market. It is here that the greatest growth is foreseen.

Low cost Winchester disc system started to become important around 1978 when companies such as Shugart and Memorex, the subsidiary of Burroughs, introduced drive technology to microcomputer systems. Until then the market was dominated by the high capacity, high performance system offered by companies such as Control Data and Century Deta Systems.

ELAINE WILLIAMS

POINT OF SALE ELECTRONICS WILL GROW AS COSTS FALL

Retailers automate slowly

BY GEOFFREY CHARLISH

WITH ONE research source putting the total potential market for point of sale electronics terminals at 700,000 units in Western Europe, while another claims that the cost of these devices is now effectively a third that of 1971, it's little wonder that over 30 companies are making offerings that will appeal further and further "down market."

The first estimate came from Ronald Brown, author of a new Post-News report called Electronic Banking 1 dealing with credit card electronics and systems. The second was made by Dr Gil Jones, director of The Retail Management Development Programme (RMDP), at the 4th European Congress on Automation in Retailing held in London recently.

According to Jones, market penetration of electronic point of sale (EPOS) systems is still only one to two per cent in spite of 10 years of effort. He cites two main reason for this.

One is that apart from some isolated areas, retailers still have a major headache in obtaining suitable and trouble-free software. He claims that few satisfactorily designed standard packages exist so that software often has to be written from scratch. For many small retailers "the software cost for a successful EPOS installation may well exceed that of the hardware."

The other problem is thet while the European Article Numbering (EAN) coding system has taken root for many food products and for high volume low value merchandise in other areas, there is still no sign of a standard for more general products. So each retailer has to tackle the problem for himself.

That is exactly what Tony Pask did at British Home Stores where there are now some 2,600 POS terminals on line in 120 stores operating into 65 controllers and covering some 50,000 products. Fifteen leased lines connect the controllers into the Luton headquarters via modems. There, the data is analysed and presented to management in many different ways.

Pask looked at magnetic striping of tickets attached to goods to begin with and then concluded that the expense was pointless. Instead, BHS builds the code into a label in the prodnct itself, say in the neck of a shirt or the hem of a dress, and the assistant keys it in when the item is sold, at the same time looking up the price on the terminal. Goods are no longer individually priced, but Pask admits that care has to be taken to ensure that shelf-edge pricing corresponds with what is in the computer.

Some similar points about taking care with the customer were made at the London conference by Clive Newton, director of the consumer affairs division of the Office of Fair Trading.

OFT is resisting the end of visible, on-article pricing on the basis that "the customer cannot check that the price charged is the same as that at which the goods were offered."

Newton believes the next stage in retail automation, electronic funds transfer (EFT), might prove rather more disagreeable without proper safeguards. In EFT the customer will offer a card, enter a personal identification number (PIN) and if there are sufficient funds in his account it will be immediately debited over the communications line to the bank computer.

What of the embarrassment, suggests Newton, if indeed the customer has inadequate funde?

Apart from privacy, safeguards that the OFT thinks might be necessary includes a limit on customer liability if he loses both card and PIN (some people, not able to remember e four-figure number, write it on the card!), and the prevention of any surcharges on customers who insist on writing e cheque and so "degrade" the system. In Belgium, says Newton, a case has come to light where it is made physically difficult to write a cheque at the sales counter unless one is left-handed!

In terms of card technology and EFT use, Ron Brown's report suggests that tha industry has probahly gone too far down the magnetic stripe road to turn back, although one system, developed by Drexler, already has a number of important licensees, mostly in Japan. So much data can be impressed digitally by laser on this card that the holder's encoded picture and life history could be pnt on it with plenty of space to spare for transaction logging.

This, and other solutions including "smart" cards with on-board chip computers and memory, are costly, claims Brown. And although card fraud is costing over $400m a year in the U.S., that amounts to only 0.25 per cent of turnover and has to be set against the cost of more expensive, albeit more secure, card technology. Card losses in the UK amount to about £30m annually.

The only likely alternative to magnetic stripe is signature verification, according to Brown, in which the signature on the card is read, digitised and compared with e version in the computer corresponding to the holder's entered PIN number. There are also purely optical methods of scrambling and de-scrambling signatures.

Of necessity, perhaps, changes are brought about only slowly in the world of plastic cards. Although they are manufactured with magnetic stripes, the retailing transaction has been on paper using the embossed card surfece for imprinting, although the stripe has been used in bank cash dispensers (ATM) for some time.

Only recently has Visa, for example, introduced the Electron card in which the embossing is done away with and all the data is in the stripe.

Brown thinks the terminal market will move in two major directions. In one, the simple verification terminal will reed the card and let the retailer know if the holder's credit is good by questioning the central compnter over a phone line.

Post News is on 0935 88245, RMDP on 0273 722687.

Machines

Teaching systems

THE LATEST addition to the Feedback range of equipment is the low cost CNC machine tool module. Designated the CNC932, this small scale machine tool is used in conjunction with a microcomputer to teach the principles and programming methods used to control industrial machine tools with a computer.

The company says that oviates the need for students to practise on an expensive full size machine. More information can be obtained on 08926 3322.

Computers

Corona IBM look-alive

MIDLECTRON Distribution is now supplying the new personal computer from Corona Data Systems in the U.S. from stock. This is e range of IBM compatible personal computers which include a desk top, portable and hard disc system.

All systems are 16 bit and use the Intel 8088 microprocessor and include 320 k floppy disc drives. More details are available on 077 382 6811.

Microsoft heads for home

THIS COLUMN was designed to deal only with professional personal computers, eight or 16 bit machines of the IBM PC kind which are expected to be found on every executive's desk in the near future.

But already the nature of the game has changed. Now, with the launch of IBM's Peanut low cost computer imminent, machines at the upper end of the home computing range must be included. These will be the machines for the "professional family," the computers which will bridge the gap between home and office, home and school. (It seems, remarkably enough, that 40 per cent of all personal computer users at present move their machines regularly between home and office.)

With IBM already, by most accounts, the victor in the battle for office personal computing, with an estimated 30 per cent of the total market by the end of this year, the market for "professional family" computers seems likely to be dominated by IBM PC compatible machines.

All of which makes the news that Microsoft, the software house which developed 16-bit systems software (software which runs the machine itself rather than its applications) for the IBM PC, is about to announce new systems software for eight-bit machines of special interest.

Microsoft developed a system called MS-DOS for 16-bit microcomputers; the IBM variation is called PC-DOS. The importance of these systems is that they make possible the use of disc memory in a sensible way, turning the personal computer from a hobbyist toy into a business tool.

The new software (MSX-DOS) is a disk operating system for computers built to a standard for home computers drawn up by Microsoft and agreed by 14 Japanese and one U.S. microcomputer manufacturer.

The Japanese companies working on these MSX machines include Canon, Fujitsu, Matsushita, NEC, Sony and Yamaha. The U.S. company is Spectravision.

The first of the MSX machines running Microsoft's MSX-DOS are expected to be shipped in January 1984.

David Fraser, Microsoft's UK general manager said: "MSX-DOS was developed in response to the tremendous demand for a disk operating system (DOS) from Japanese MSX manufacturers who wanted a DOS with the standard MS-DOS disk format and user interface."

The new systems software will work with any type or size of diskette and can read files on disks created by MS-DOS (or PC-DOS). It is also compatible with Digital Research's best selling CP/M 80 disk operating system, the de facto standard in the 8-bit machine world.

Put bluntly, this means that executives already used to MS-DOS machines (like the IBM PC) will find themselves instantly familiar with an MSX machine.

Second, files of information can be transferred from office MS-DOS machines to home MSX machines without the need for special translation facilities. A sophisticated spreadsheet like Multiplan runs under both MS-DOS and PC-DOS and the disks containing the data can be switched between the two kinds of machines.

And they will also have access to the thousands of computer programs which have been written to run on CP/M 80 as well.

According to Bill Gates, Microsoft chairman: "MSX-DOS provides manufacturers with a clear upgrade path. They will be able to offer their customers a disk-based system that is compatible with their low-cost machines and a wide range of software from different manufacturers."

Gates and Microsoft are involved in the design of a number of different computers from several manufacturers. The company was intimately involved in the development of the IBM PC and Gates is credited with having persuaded IBM that the machine had to be 16 bit (and therefore state of the art in terms of speed and power) rather than eight-bit.

It would not be unreasonable to suppose that Microsoft has had some influence in the design of Peanut. When it is finally launched a comparison with the MSX specification should prove interesting.

ALAN CANE

WORLD SHIPBUILDING INDUSTRY

Rays of hope—but jobs are still under threat

By Andrew Fisher, Shipping Correspondent

SHIPYARD MANAGERS around the world have become all too used to sheltering from the bitter winds that have swept through the industry in recent years. But there are some rays of hope, though still faint and unlikely to save many of the jobs now on the line as demand from struggling shipowners remains weak.

As world economies, led by the U.S., move slowly out of bottom gear, demand for cargo space and eventually for new ships will increase. Freight rates have been moving up this year, though hesitantly and patchily. New orders for vessels actually rose in the second quarter of 1983.

None of this is cause for celebration — not yet, at least. Shipowners remain convinced that there is still far too much building capacity availabla. This, they argue, leads to price cutting by eager yards in hard times, which in turn delays a reduction of the tonnage surplus.

"Current world shipbuilding capacity is said to be around 40 per cent greater than is required," note London analysts Drewry Shipping Consultants in a recent study of the industry.

"As long as there is overcapacity in shipbuilding, there will be over-supply of tonnage in virtually all trades," comments Fearnleys, the Oslo shipbroking firm. "Further reduction in world shipbuilding output is still an essential ingredient in the re-establishment of balance between supply and demand for seaborne transportation."

Since the heady shipbuilding days of the early 1970s, world order books have shrunk alarmingly. The peak year was 1974, with more than 133.4m gross tons on order during the first quarter.

But then came the oil crisis, putting an end to the boom in supertankers which shipowners had been madly scrambling to add to their fleets. Since countries like Japan and Sweden had invested heavily in facilities to build the seagoing monsters of 200,000 dwt and upwards, the industry had to contend with severe over-capacity.

With economic slackness reducing freight rates and demand for ships, shipbuilding orders sunk during the rest of the decade to a low point of 25.1m dwt early in 1979. Thereafter, the industry began to improve as owners sought to cash in on the shortlived boom in bulk carriers.

Encouraged by impressive forecasts of prospects for ships to carry coal — one of the main bulk cargoes along with iron ore and grain — they rushed to place orders for such vessels, especially of the 60,000-80,000 dwt Panamax size, able to go through the Panama Canal.

So by the first quarter of 1981, order books reached a new mini-peak of 37.5m dwt, before slipping back again. This year, the regular Lloyd'e Register figures have shown a further slight drop in the first quarter to 26.6m dwt, with the order backlog up a little in the second to 29.7m dwt.

Chiefly responsible for the latest uplift is a bewildering spate of orders from one of Japan's leading shipping companies, Sanko Steamship. The orders, which have gone to Japanese yards, total over 100 ships and are for bulk carriers in the smaller 20,000-40,000 dwt range, known as handy-size.

Many shipowners have thrown up their hands in horror at the Sanko orders, arguing that these can only add to the problems of their industry by making it even longer before demand and supply finally match. Sanko, however, says it is discarding many of its older ships as it receives the new ones.

Sanko is not the only company buying new ships. Also in the search for new bulk carriers are Mitsui OSK, another major Japanese shipowner, tha Iranian Government, the Shipping Corporation of India, China, and U.S., Greek and Norwegian owners.

As Lloyd's Shipping Economist points out, the type in vogue at the moment is not Panamax but handy-size. One key factor in the shipowning equation is the cheap prices offered by Japanese and South Korean yards for series-built ships.

Since the bottom of the shipping cycle now seems to have been reached, even though recovery is slow, some owners want to take the opportunity to invest in more modern tonnage. Drewry reckons that new ship prices fell by between 20 and 30 per cent from the end of 1980 to the first quarter of 1983.

Price-cutting among world yards, comments Lloyd's Shipping Economist, "provided a possibly unique opportunity for fleet expansion."

The accumulation of orders such as Sanko's is not wholly determined by price, however. Lloyd's reckons that the ships being ordered in Japan will be used mainly for grain. In the iron ore and coal trades, Japanese shippers normally use Japanese-owned vessels or have them on long-term charters. But for grain imports, especially from the U.S. Gulf, Japanese shippers have, until now, chartered many ships from non-Japanese owners for single voyages.

However canny or far-sighted the actions of some owners in buying now rather than later, these seem bound to postpone any return to equilibrium in shipping. "The 1983 ordering boom has inevitably damaged the future tonnage balance," said Lloyd's Shipping Economist.

At the end of 1982, it was thought that the handy-size sector would return to a supply-demand balance late in 1984, assuming no further orders, a steady level of scrapping, and yearly growth in demand for ships of 5 per cent. But it now looks, says Lloyd's as if this has now been put back to mid-1986, though some new buyers intend to scrap more of their older tonnage.

For medium-size ships of 40,000-80,000 dwt, the date of balance has been postponed from early to late 1988. But for those over 80,000 dwt, the picture seems a little brighter, with balance now likely in mid-1985 instead of early 1986, as new ordering has been less heavy.

Whatever the order book trends in the next few months, most shipyards will be bard pressed to avoid further losses or job cuts, especially in Western Europe. British Shipbuilders, the state-owned UK group, plunged into a trading deficit of £117m last year and has not had a major merchant ship order for some months.

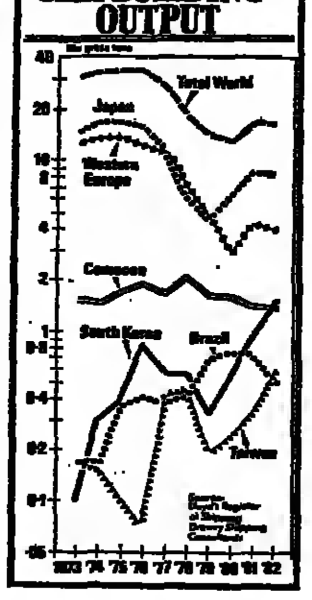
In West Germany, the situation is even more serious. On the north coast, anxious workers have staged sit-ins at two major yards. The industry has already cut capacity sharply and further planned reductions threaten numerous jobs. More state support to keep the remnants of the industry alive is now being vociferously requested by companies.

The centre of gravity on the world shipbuilding scene has undoubtedly shifted to the Far East over the past decade. Cheaper prices and greater efficiency—at least in Japan—have left most European and other yards floundering. South Korea, which has reined in its expansion programme in the current slump, is now No. 2 in world output.

Ten years ago, Western Europe accounted for over 40 per cent of world ship production. Last year, it was 23 per cent. In its annual report on the industry in Europe, the EEC Commission criticised the pricing policies of Japan and Korea, notably the latter with its lower wage costs. It charged that such policies had helped fill order books at the expense of European yards which had to continue their reliance on subsidies.

But the migration of shipbuilding business away from Europe has not only benefited Japan and Korea. China and Taiwan have also been steadily building up their yards. The decline of the European industry has been an inexorable reality for some years. In the UK, the slide has been especially marked—from nearly 40 per cent of the world market in 1926 to 20 per cent in 1956 and just 3 per cent today.

SHIPBUILDING OUTPUT



Glyn Genin

Happier times: IHI's Kure yard, in Japan, at the height of the super tanker boom

MAIN SHIP TYPES ON ORDER

figures in gross tons (m)

	June 1983	March 1983	Dec 1982
Ore and bulk carriers...	15.0	11.4	13.0
General cargo ships ...	5.9	5.8	5.9
Tankers	4.0	4.4	4.8
Specialised carriers* ...	1.7	1.7	1.8
Bulk/oil carriers	0.9	1.2	1.6
World total	29.7	26.6	29.2

* Includes gas and chemical carriers.

Source: Lloyd's Register

SHIPBUILDING ORDER BOOKS

figures in gross tons (m)

	June 1980	June 1981	June 1982	June 1983	(Change on 1983 1st quarter)
Japan	12.0	14.7	11.4	11.4	(+2.6)
S Korea	2.2	2.7	3.2	3.6	(+1.3)
Poland	1.7	1.5	1.4	1.5	(+0.03)
Spain	1.9	2.5	1.9	1.5	(−0.05)
Brazil	2.3	1.6	1.7	1.3	(−0.1)
Taiwan	0.9	1.3	1.4	0.9	(−0.1)
UK	0.9	0.9	1.1	0.7	(−0.04)
World total ...	32.5	37.5	32.7	29.7	(+2.1)

Source: Lloyd's Register

British Gas given warning on prices

By Ray Dafter, Energy Editor

BRITISH Gas Corporation will have to pay much higher prices tor its future supplies if it is to avoid running seriously short of natural gas in the 1990s, according to a North Sea report published today.

Gas to be delivered by North Sea operators under existing contracts will meet only 30 per cent of the expected demand from British Gas customers in 1995, says the stockbrokers firm of Wood, Mackenzie. It estimates that British Gas could face shortages as early as 1989 if no new supply contracts are signed in the meantime.

On the other hand, the brokers acknowledge that the corporation has plenty of opportunities for arranging fresh deliveries from producers in the UK and Norwegian sectors of the North Sea. The report concludes that the UK should be able to attract sufficient gas to satisfy demand "in the foreseeable future."

But price is likely to be a key to the corporation's ability to obtain fresh supplies. Under long-standing contracts, British Gas is still paying producers between 5p and 10p a therm although, in a bid to encourage the development of new UK fields, the corporation has been offering oil companies between 22p and 23p a therm.

Wood, Mackenzie points out that even these new prices are less than rates being agreed between North Sea producers and European continental gas utilities. The report says that if gas was valued on the same basis as crude oil, British Gas would be paying nearer 35p a therm.

ELECTION POLICIES WERE RIGHT, CONFERENCE TOLD

Labour decides on a new look

BY IVOR OWEN

DELEGATES ENDED the inquest into Labour's general election defeat yesterday by calling for existing policies to be presented in an improved way, not dropped altogether. The party machine should also be radically overhauled, they decided.

Mr Neil Kinnock, the party's 41-year-old new leader, frequently led the applause at the annual conference as the need to stop internal feuding and present a united front, particularly at the top, was underlined by rank-and-file speakers.

Mr Kinnock warned that Labour could not afford to wait until the run-up to the next election to prove that it could offer a credible alternative government, and the conference responded by overwhelmingly approving a resolution for a campaign committee to be set up soon.

Mrs Barbara Castle, the former Cabinet minister who is now a European MP, appealed to delegates to dispel the apathy which marked the first direct election to the European Assembly in 1979 and to ensure that Labour finished ahead of the Alliance of the Liberals and the Social Democratic Party when Britain's 81 seats are contested again next June.

She stressed that if Labour trailed in third place, it could set the pattern for the next general election and be "a mortal blow to us."

Mr Jim Mortimer, the party's general secretary, won applause when he argued strongly that the decision to make jobs and unemployment Labour's main themes at the election had been valid. "I do not believe we should retreat from these main themes," he declared.

It was true that Labour had failed to persuade a majority of the electorate, but it remained true that the re-emergence of mass unemployment, coupled with the contraction of the economy, was a social disgrace.

He contended that Labour had been right to campaign for social welfare and the protection of the National Health Service, to reaffirm its continuing support for the trade unions' constructive role, and to warn of the dangers of the nuclear arms race.

Mr Mortimer revealed that the opinion polls commissioned by the party showed the heaviest adverse majorities had been recorded not on nuclear weapons or the Common Market but on the association of the indentity of trade unionism and the activities of trade unionists with the Labour movement.

To cheers Mr Mortimer said: "I do not believe we should yield one inch on this issue. We have to point out that trade unionism is essential for the protection of working people."

Mr David Basnett, general secretary of the General Municipal Boilermakers and Allied Trades Union, explained that a combination of legal restrictions on political donations by unions – about to be extended by Mr Norman Tebbit, Employment Secretary – and union members' reluctance to provide more money for political purposes, meant a possible loss of £2m a year in expected income to the party.

Mr Basnett saw this as "a desperate financial prospect." He contended that the inadequate presentation of policies had been one of the most glaring failures in the last election campaign.

Spending cut talks hit difficulties

BY ROBIN PAULEY

THE GOVERNMENT'S attempts to force ministers to cut their budgets back to keep next year's public spending plans on target are running into the sand. Mr Peter Rees, Treasury Chief Secretary, failed to reach agreement on any of the large economies requested from Defence, Environment, the National Health Service and social security payments.

All four areas, critical to Mr Rees's task of cutting £2.5bn from departmental bids for 1984-85 to keep to the planned total of £126.4bn, will now have to go either to Cabinet or to the so-called "Star Chamber" for decision.

In previous years, the "Star Chamber" has been chaired by a senior minister such as Lord Whitelaw, but it has not always been very successful, and the extent to which Ministers are resisting Mr Rees this year might lead to Mrs Thatcher's and the Chancellor, Mr Nigel Lawson's, tackling the issues head-on in full Cabinet.

Mr Rees had set some large targets to take substantial chunks out of the £2.5bn of overbidding. One was a £500m cut in planned housing capital expenditure.

However, Mr Patrick Jenkin, Environment Secretary, is digging in at around only half of the Treasury demand, and is also defending the £450m urban aid programme, a key Treasury target, more vigorously than expected.

Similarly, Mr Michael Heseltine, Defence Secretary, whose preliminary budget is running at only around £300m ahead of plans, is giving no quarter to Mr Rees.

Changes proposed in arts funding

By Antony Thorncroft

THE FUNDING of the UK's leading arts organisations could be transformed if the Government accepts a report into the financial affairs and prospects of the Royal Opera House in Covent Garden and the Royal Shakespeare Company. The report has been prepared for the Minister for the Arts by Mr Clive Priestly, former head of the Government's Efficiency Unit.

Among Mr Priestly's recommendations are that the two companies and, by implication, the other two of the Big Four national arts organisations – tha National Theatre and the English National Opera – should be financed either directly by the Government or through a sum of money given to the Arts Council for this purpose, which would amount to the same thing.

The acceptance of this suggestion would greatly reduce the power and influence of the state-funded Arts Council. Sir William Rees-Mogg, chairman of the council, said yesterday: "Direct state funding of an artistic company is as unacceptable as direct state funding of a newspaper. Like the governors of the BBC, the Arts Council exists to protect the independence of creative people."

The report suggests that both companies are under-funded. It recommends that their deficits in the current year should be wiped clean, and that for 1984-85 the Royal Opera House should receive £12.35m (a rise of £1.8m on current projections) and the RSC £4.9m.

More Vauxhall workers vote to continue strike

BY BRIAN GROOM, LABOUR STAFF

THE CHANCES of an early end to the strike by nearly all Vauxhall Motors' 14,500 hourly-paid employees hinge on a crucial meeting of 7,500 workers at the Luton car plant, Bedfordshire, this afternoon.

About 1,800 Transport and General Workers Union members at Ellesmere Port in Cheshire voted overwhelmingly yesterday to reject the company's latest offer, which is worth 7.75 per cent over 12 months, or 8 per cent when fringe items are added.

They will continue the strike, which began last Friday and prevented production restarting yesterday after the weekend break. The 2,400 Amalgamated Union of Engineering Workers members at Ellesmere Port will be urged to reject the offer at a meeting today.

If there is any sign of weakness in the car workers' united front, it is more likely to emerge at Luton, where the vote may be closer. Shop stewards there will meet this morning, before the mass meeting.

The 2,000 commercial vehicle workers at the nearby Bedford trucks division at Dunstable are already divided. About 400 of the 1,000 Engineering Union members, who voted last week not to strike, crossed Transport Union picket lines yesterday.

There was no violence, but there were some arguments with pickets.

BL car output rises

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE GAP between BL, Britain's leading car producer, and Ford in second place, widened even further in the first half of this year.

BL's car output, at 240,679, was 8,962 units or 3.86 per cent higher than in the same period of 1982. Ford's production of cars fell slightly, by 374 to 174,141. Although Ford outsells BL in the UK, about half of its cars are assembled on the European Continent.

However, the main influence on the first-half figures was tha rebound at Talbot, the Peugeot group subsidiary, where output jumped by 192.7 per cent, or 43,966, to 66,773.

That was due to the recovery in demand from Iran tor the Talbot car kits that go towards making the Peykan, based on the old Hillman Hunter saloon.

An analysis by the Society of Motor Manufacturers and Traders shows thet car production in the half year rose 13.9 per cent or by 67,558. Vauxhall, the General Motors subsidiary, was the only company apart from Talbot to outperform the overall production rise.

FT joins ITT for electronic news link

By Alan Cane

THE FINANCIAL TIMES and ITT Corporation, formerly International Telephone and Telegraph, are collaborating to provide an electronic news alert system.

The two organisations are setting up a new company, International Financial Intelligence Service (IFIS), to market information summarised from the pages of the Financial Times and other leading sources of business information. The information will be available to subscribers through any communicating terminal, personal computer, printer or telex terminal.

Preliminary agreements have been reached, marketing research is already under way and a six-month customer trial is expected to begin soon.

When commercially available, the service is likely to be the first to provide on a worldwide basis financial and business information tailored to the subscriber's needs.

The new company will use ITT's worldwide telecommunications network and the electronic mail service of ITT Dialcom, which already provides the UK's BT Gold electronic mail service.

IFIS expects to despatch every issue of the Financial Times, page by page, using facsimile techniques, to ITT centres in the U.S., where each headline and article will be converted into a torm in which it can be read by a computer.

Nuclear test cancer study

By Bridget Bloom

THE EFFECTS of Britain's nuclear weapons tests in the South Pacific on the 12,000 people who were involved in them between 1952 and 1967 are to be the subject of a study, the Ministry of Defence announced yesterday.

The study will be carried out by the National Radiological Protection Board. It will be confined to a comparison of the deaths and incidence of cancer among the 12,000 servicemen and civilians estimated to have taken part in the tests and associated operations, and a "control group" of 12,000 others

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4-Room Cottage, Paddock and Stables
Walled Orchard and Barn
17 Acres, 2 Ponds and Car Parking
Presently used as up-market
CONFERENCE CENTRE
Ideally suitable Hotel, Institutional use or Private Estate
Details from Joint Sole Agents:
JACKSON-STOPS AND STAFF, 14 Curzon Street, London W1Y 7FE, Tel: 01-499 6291
SAVILLS, 20 Grosvenor Hill, London W.1, Tel: 01-499 8644

BUSINESSES WANTED

B. Q. PRECISION ENGINEERING LIMITED

a subsidiary of

BIRMID QUALCAST PLC

has recently introduced to the market a range of high technology CNC machine tools. Concurrently, the Company has embarked upon an aggressive expansion programme and requires other new products not necessarily related to the machine tool business. We have very modern facilities situated in the East Midlands with sufficient room for expansion. The Company has a high production engineering expertise and is well able to cope with products that range from very high volume down to small batch quantities. The Company carries many Customer Approvals and holds MOD.0524.

Our ideal interest is for new products in the high quality mechanical engineering sector. Products arising from companies currently in receivership will also be considered. All bona fide offers will be considered which can cover the purchase of a product, manufacturing under licence, or joint ventures. Any possibilities that would widen the scope of the business would also be considered.

All proposals will be examined in the strictest confidence.

Please reply to:

BIRMID QUALCAST

P. R. Armitage
Chairman and Managing Director
BIRMID QUALCAST (ENGINEERING & ELECTRONICS) LIMITED
Dartmouth Road, Smethwick, Warley
West Midlands B66 1BW

GERMAN BANK

Interested in acquiring majority or 100% shareholding in a London merchant or commercial bank, financial company or similar institution. Would consider setting up joint office with other institution. Please reply to:

Box G9144, Financial Times 10 Cannon Street, London EC4P 4BY

Security Services/Products

Private business man wishes to acquire control or purchase outright established companies engaged in the above fields, with existing management, situated in SE England. Substantial funds available.

All replies treated in strictest confidence.

Write Box G9155, Financial Times 10 Cannon Street, London EC4P 4BY

EXPAND WITH US

Our clients, a PRIVATE company, who MANUFACTURE a variety of products on their own trading estate in the EAST MIDLANDS, are looking to ASSIST small/medium-sized companies.

They have CASH, SITES and MODERN MANAGEMENT FACILITIES to share with the right candidate.

They like MODERN PRODUCTS and ADVENTUROUS MANAGERS. They don't mind MINORITY INVESTMENTS and might even look at a START UP or MANAGEMENT BUY-OUT.

All replies in the STRICTEST CONFIDENCE
C. N. KENYON
KENYON BUSINESS SERVICES LTD.
Sunlock House, 314 Chester Road
Hartford, Cheshire. Tel: 0606 888810

£2,000,000

Waiting to be spent by private group on acquiring control of a profitable company engaged in financial or other services. Please write in the strictest confidence to:

The Managing Director
CADOGAN OAKLEY LIMITED
28a Cadogan Square
London SW1X 0JH

A QUOTED PUBLIC COMPANY

seeks to expand its export outlets through acquisition of an established company specialising in construction-related products.

Majority or full purchase is of interest.

Reply to:
Mr. I. C. Smith
Managing Director
ISIS INTERNATIONAL LTD.
Stratton Road
Swindon, Wilts.
Tel: 0793 28233
Telex: 449392 ISIS G

Highly Successful

PRIVATE COMPANY

wishes to acquire for cash A SMALL MANUFACTURING COMPANY IN THE MECHANICAL OR ELECTRICAL ENGINEERING INDUSTRIES

Advertiser is a family-controlled company with considerable funds available for expansion as required. All replies will be treated in the strictest confidence.

Please forward details, including the most recent financial report to:

The Managing Director Box G9148, Financial Times 10 Cannon Street, EC4P 4BY

WANTED
By Public Limited Company

HOUSEBUILDING COMPANY

WITH NETT TANGIBLE ASSETS BETWEEN £1 million & £2 million and good existing or potential profits

Write Box G9143, Financial Times 10 Cannon Street, EC4P 4BY

WELL KNOWN GROUP

is interested in purchasing INK AND/OR SPECIALITY ADHESIVES COMPANY up to £5 million available

Preferably the company concerned should have upmarket products and up-to-date technology in one or more areas of activity. The company would preferably be based in the UK but European companies would also be considered.

In first instance, write to:
A. K. Unsworth, Aviecham Marketing Ltd, 1 Court Downs Rd Beckenham, Kent - Tel: 01-658 6610

COMPUTER BUREAU WANTED

Well established Computer Bureau offering a wide range of Financial Accounting packages wishes to expand its activities by acquiring a company providing a similar or complementary service.

Turnover around £½m, management continuity important, preferred location Greater London, but any proposition considered.

All replies in confidence to: Box G9149, Financial Times 10 Cannon Street, EC4P 4BY

We urgently require a

Machine Engraving Company

Any size of company considered
Existing workforce would be kept on

Please contact: The Managing Director Box G9150, Financial Times 10 Cannon Street, EC4P 4BY

BRITISH COMPANIES WITH SUBSIDIARIES IN INDIA

We wish to purchase British company subsidiaries in India

Companies interested to sell please Write Box G9151, Financial Times 10 Cannon Street, EC4P 4BY

CONTRACT HIRE OF CARS AND VANS

A leading contract hire company in the UK wishes to expand its activity by acquisition. Fleet sizes in excess of 20 will be considered. Very substantial funds available

Please reply in utmost confidence to the Managing Director Box G9015, Financial Times 10 Cannon Street, EC4P 4BY

WANTED

COMPLETE PLANT

to draw MS Rod in coil 16 mm dia. down to in the order of 1 mm. Bull Blocks, de-scalers, Butt Welding, Straighten and Cut-to-Length Lines, Coil Annealing.

Full details in confidence to: Box G9182, Financial Times 10 Cannon Street, EC4P 4BY

CONTRACT HIRE COMPANIES

We seek to acquire Currently operating Car and Van fleets in excess of 100 units

Please write in the strictest confidence to:
The Manager Director
COWIE CONTRACT HIRE LTD
Hylton Road, Sunderland
Tel: 0783 44122

CHICHESTER, WEST SUSSEX—The Herb Garden Health & Beauty Clinic. Thriving well-run business offered for sale freehold. Character property in excellent condition includes spa pool, solarium, sauna, shop, coffee shop, roof-garden and studio flat. Price £210,000 s.t.c. All enquiries to King & Chasemore, 10 Shelley Road, Worthing. Telephone: (0903) 212181.

WANTED by overseas group U.K. BUILDING AND CIVIL ENGINEERING COMPANY with turnover £15 to £30 Million. Details in confidence to Box G.9160, Financial Times, 10, Cannon Street, London EC4P 4BY.

MEDIUM-SIZED MAIL ORDER company wishes to acquire similar businesses with active lists and products. Please reply in confidence to Box G.9154, Financial Times, 10, Cannon Street, London EC4P 4BY.

Clydesdale Bank PLC

BASE RATE

Clydesdale Bank PLC announces that with effect from 4th October 1983, its Base Rate for Lending is being reduced from 9½% to 9% per annum

Standard Chartered

announces that on and after 4th October, 1983 its Base Rate for lending is being decreased from 9½% to 9% p.a.

The interest rate payable on deposit accounts subject to seven days' notice of withdrawal will be decreased from 6% to 5¼% p.a.

The interest rate payable on High Interest deposit accounts subject to twenty-one days' notice of withdrawal will be decreased from 7% to 6¼% p.a.

Standard Chartered Bank PLC

Grindlays Bank p.l.c. Interest Rates

Grindlays Bank p.l.c. announces that its base rate for lending will change from 9½% to 9% with effect from 4th Oct. 1983

The interest rates paid on call deposits will be:-

call deposits of £1,000 and over 5¼%

(call deposits of £300—£999 4¾%)

Rates of interest on fixed deposits of over £5,000 will be quoted on request.

Enquiries: Please telephone 01-930 4611

Grindlays Bank p.l.c.

Head Office: 23 Fenchurch Street, London EC3P 3ED

COMPANY NOTICE

JOHANNESBURG CONSOLIDATED INVESTMENT COMPANY LIMITED

(Incorporated in the Republic of South Africa)

NOTICE TO HOLDERS OF SHARE WARRANTS TO BEARER
DIVIDEND NO. 115

Pursuant to the notice published on 24th August, 1983, members are informed that the rate of exchange at which payments of the above dividend are to be despatched by the United Kingdom Paying Agents on 14th October, 1983, is 1 Rand of 100 cents equals 60.5874p United Kingdom currency. The gross dividend payable by the United Kingdom Paying Agents is therefore equivalent to 318.0547p per share.

Holders of share warrants to bearer are informed that payment of dividend No. 115 will be made on or after 17th October, 1983, upon surrender of Coupon No. 115 at the London Bearer Reception Office, 40, Holborn Viaduct, London EC1P 1AJ.

	Amount payable per share (U.K. currency) p
Equivalent in United Kingdom currency of dividend declared	318.0547
Less: South African Non-Resident Shareholders' Tax of 12.98%	40.7051
AMOUNT PAYABLE WHERE A U.K. INLAND REVENUE DECLARATION IS LODGED WITH COUPONS	274.3496
Less: United Kingdom Income Tax at 17.08% on the gross dividend (See Notes 1 and 2 below)	53.8118
AMOUNT PAYABLE WHERE COUPONS ARE LODGED WITHOUT UNITED KINGDOM INLAND REVENUE DECLARATIONS	220.5383

COUPONS must be listed in duplicate on forms obtainable from the London Bearer Reception Office and deposited for examination on any weekday (Saturday excepted) at least seven clear days before payment is required.

BARNATO BROTHERS LIMITED
London Secretaries
D. W. J. Phillips
Secretary

99, Bishopsgate,
London EC2M 3XE.
4th October, 1983.

NOTES:

(1) The gross amount of the dividend for use for United Kingdom Income and Surtax purposes is 318.0547p per share.

(2) Under the Double Taxation Agreement between the United Kingdom and the Republic of South Africa, South African Non-Resident Shareholders' Tax applicable to the Dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 17.08% instead of at the standard rate of 30% represents an allowance of credit at the rate of 12.92% in respect of South African Non-Resident Shareholders' Tax.

CENTRAL FINANCE CO., LTD.

£10,000,000 6¼% CONVERTIBLE BONDS 1996

Morgan Grenfell & Co. Limited hereby gives notice that the name of the Custodian of the above Bonds was changed from Tokai Kyowa Morgan Grenfell Limited to Tokai International Limited from 25th August, 1983. The Custodian's address is 23/31 Moorgate, London EC2R 6AR.

LECTURES

FREE CHRISTIAN SCIENCE LECTURE

THE BASIS OF TRUE FORGIVENESS

Chartered Insurance Institute
20 Aldermanbury, London, EC2
TODAY (4th Oct.) 1.0pm

Williams & Glyn's

Interest Rate Changes

Williams & Glyn's Bank announces that with effect from 4th October 1983 its Base Rate for advances is reduced from 9½% to 9% per annum.

Interest on deposits at 7 days' notice is reduced from 6% to 5½% per annum.

Williams & Glyn's Bank plc

Coutts & Co

Coutts & Co. announce that their Base Rate is reduced from 9½% to 9% per annum with effect from the 4th October 1983 until further notice.

The Deposit Rate on monies subject to seven days' notice of withdrawal is reduced from 6% to 5½% per annum.

Yorkshire Bank Base Rate

With effect from 4th October 1983 Base Rate will be changed from 9½% to 9% p.a.

Yorkshire Bank

Yorkshire Bank PLC Registered No. 117413 England
Registered Office: 20 Merrion Way Leeds LS2 8NZ

National Westminster Bank PLC

NatWest announces that with effect from Tuesday, 4th October, 1983, its Base Rate is reduced from 9½% to 9% per annum.

The basic Deposit and Savings Account rates are reduced from 6% to 5½% per annum.

41 Lothbury, London EC2P 2BP

Blossoming prospects for plant producers

Charles Batchelor explains how one grower cultivated the high street demand for greenery

BY INTRODUCING a shade more pink into the dark green leaves of his bypoestas and a tinge more red around the edges of his dracaena marginata, Mr Jeremy Pertwee has helped Britain's house plant industry break out of the corner florists and into the high street multiples.

The careful cultivation of hardier and more exciting varieties of tropical plants has attracted the multipte retail chains such as Marks & Spencer, F. W. Woolworth and Asda.

The stores' demands for large numbers of house plants of constant high quality has been the making of Pertwee's New Ruaton Garden Company with its 16 acres of glass just outside Clacton-on-Sea, Essex.

Success

"The multiple stores like Marks & Spencer specify the size and shape of the plant and the number of leaves," Mr John Oakley, managing director at Ruaton, said. "I sometimes feel we would do better to produce them by plastic extrusion process."

The rapid growth of the house plant market—from a turnover of £15m in 1970 to £100m last year and a projected £150m in 1985—lies behind Ruaton's sales success, but it has also put an intolerable strain on the company's finances

It recently announced plans for a reverse takeover by The Sampang (Jave) Rubber Plantations, a small rubber producer with a quotation on the Unlisted Securities Market.

Nominally Sampang will take over Ruaton, but Ruaton will contribute the bulk of the profits and turnover in the next few years and will effectively be in control.

Mr. Jeremy Pertwee will become chairman of the merged group, which will be renamed Applied Botanicus. Group profits of £400,000 on turnover of £4.5m have been forecast.

Ruaton now claims to be the largest company in the foliage plant market having outstripped the two companies it sees as its main rivals, Geest Holdings of Spalding, Lincolnshire, and Thomas Rochford of Turnford, Hertfordshire.

Geest achieves turnover of about £8m from its plant-growing operations, contributed equally by the foliage and flowering plant activities.

This is only a small part of the Geest group's annual £290m turnover from its fruit and vegetable distribution activities; bananas are its single largest line. Founded by two Dutch-born brothers in the 1930s, the company is also a large bulb and rose grower.

Geest has 22 acres of glass at Spalding and next month opens a new £1m warehouse and glass complex. It sees the greatest potential in flowering rather than foliage plants, whereas Ruaton says foliage plants last longer and give better value.

Mr Bill Barnacle of Geest said: "Basic demand for foliage will continue but as more people have green plants in their homes they will then look for the colour provided by flowering plant varieties."

A disadvantage of flowering plants is that demand is strongly seasonal, reaching peaks around Christmas, Easter and Mother's Day, while foliage plants tend to sell steadily throughout the year.

Ruaton has achieved rapid growth by developing nurseries on Montserrat and St Lucia in the West Indies where the natural sunlight and warmth promotes in a matter of weeks plant growth which would take months and tonnes of heating fuel even in sunny Clacton. Geest, too, has nurseries on St Lucia.

Ruaton has spent the past few years building up sufficient stocks of mother plants on its West Indies nurseries from which to take cuttings. These are then sent to Clacton where they are rooted and potted either in simple plastic containers or, increasingly, in mixed displays in earthenware bowls.

A plant which would take 28 weeks to grow to shop-readiness in Clacton can now be started in the West Indies and finished off in six weeks in the UK.

Trevor Humphries

Mr Jeremy Pertwee at Ruaton's Clacton base

Quality

Building up the stocks in the West Indies and buying-in from outside suppliers to bridge the gap badly dented Ruaton's finances, but the profits are now starting to flow.

Controlling the quality of the plants from the outset is important in view of the increasingly high standards set by the retailers. With 150,000 to 200,000 plants leaving the greenhouses each week, each one the product of between two and five cuttings, the demands are enormous.

Mr Pertwee works closely with the big retailers such as Marks and Spencer on the choice of plants, the colours of leaf which are likely to appeal, and even on the style of ceramic bowl.

For companies which lack such tight in-house management controls, Ruaton provides a merchandising service. It selects someone to work on a self-employed basis at each large store, receiving deliveries, arranging displays, making sure the plants are watered and keeping the shelves filled.

It now serves 110 stores owned by companies such as Asda, F. W. Woolworth and Carrefour on this basis. It also makes straightforward deliveries to retailers who then take full responsibility for the sales.

Mr Pertwee is now putting a lot of thought into the design of the plastic labels which accompany his plants.

"The label is the first thing people pick up, so to ignore it is a marketing sin.

"We introduced the label idea from the U.S. but recently the quality of information has not been good. People don't want to know that a plant needs keeping within five degrees of 20C; they want to know if it will be happy in their front room."

Taste in the house plant world changes rapidly. Yucca, in Mr Pertwee's eyes, is giving way to an improved version of the dragon tree—dracaena marginata. He has high hopes for the aglaonema, or silver queen which manages well in poor light and should do well in that dark corner of the sitting room.

APPOINTMENTS

Rigby goes to BASF

Mr Bryan Rigby, deputy director-general, will be leaving the Confederation of British Industry at the end of the year to join BASF Group to become managing director of its UK operations.

Mr Rigby has been with the CBI for five years in his present post. Prior to that he was marketing director of Laporte Industries (Holdings). Afetr a familiarisation period with the parent company in Germany be will take over as managing director from Mr Walter Maack who will be retiring next year. BASF operations in the UK include BASF United Kingdom, Glasurit Beck, Elastogran UK, Fritzsche Dodge & Olcott and Knoll UK.

★

Mr Peter Balfour has retired from the board of SCOTTISH & NEWCASTLE BREWERIES. Mr David Nickson was appointed chairman in his place.

★

Mr Derek A. Thwaites has been appointed managing director of Thorn EMI's specialist cathode ray tube subsidiary THORN EMI BRIMAR. He succeeds Mr Brian Dix, who was recently appointed managing director of the Thorn EMI fire protection and security company—AFA Minerva. Mr Thwaites has joined from Capper Neill, where he was managing director of Capper Neill Controls.

★

Mr Peter Sidwell has been appointed sales director of security specialist VOLUMATIC, Coventry, a subsidiary of Halma. He joined the company 12 months ago as sales director designate.

★

Mr R. E. G. Gibson has been appointed managing director of BRADSTOCK, BLUNT & CRAWLEY and Mr O. D. Plunkett has become joint chairman, with Mr D. F. Bradstock, of the company."

★

Mr Stephan Brooke has been appointed a director of BONAR & FLOTEX, carpet manufacturing subsidiary of Low & Bonar. He was manufacturing manager.

★

Mr Peter D. Taylor, company secretary of TURRIFF CORP. for 10 years, has been appointed to the board as finance director. Mr A. C. Brown has retired from the board due to increased overseas commitments in Spirax-Sarco Engineering of which he is chairman and managing director.

★

PARKFIELD FOUNDRIES has appointed Mr Roger Felber as a director and deputy chairman.

★

At ROBINSON AND SONS, Chesterfield, on October 1, Mr Philip Robinson, at present director and general manager of rigid packaging, becomes managing director of the packaging division. He will be succeeded by Mr Stewart Wallis, who returns from Washington after seven years with the World Bank. Mr James Robinson moves from production director to managing director of the dressings division. He will be succeeded as production director by Mr Colin Williams, who is general manager of Robinsons' plant at Walthamstow.

★

Dr Brian E. Cooper, formerly a consultant in statistics and information systems with International Computers at Reading, has been appointed director of the SSRC Centre in Economic Computing being established at the London School of Economics and Political Science.

★

Mr Kerry Brown has been appointed as sales director of INSTEM COMPUTER SYSTEMS, and Mr David Hill becomes technical director.

★

Mr Michael Horstead, who has for the last 12 months acted as financial consultant to Valin Pollen Limited, has joined the board of VALIN POLLEN INTERNATIONAL. Prior to his association with Valin Pollen, he was group finance director of Charles Barker ABH International.

★

Mr James Roxborough has been eppointed director of the FOUNDATION FOR MANAGEMENT EDUCATION in succession to Mr Philip F. Nind who has retired.

★

PRITCHARD JANITORIAL SUPPLIES has made the following appointments: Mr Chris Newman has been made regional director north, based at Preston. Mr Alan Knight, who joined PJS in June from an associate company, Waste Management International, becomes regional director south. Mr Nick Barrett rejoins Pritchard to become finance director of PJS. Until 1982 Mr Barrett was chief accountant with United Linen Services of Basingstoke, another member of the Pritchard Services Group.

★

Mr John Lockwood has been appointed director and manager of CRAVEN TASKER (SHEFFIELD). He was works manager at Bone Cravens. Mr George Hall has become director and manager of Craven Tasker (Andover). Mr Leonard Fuller has moved from his position as director and manager of Craven Tasker (Andover) and has become group development director.

★

Mr John Corbet-Singleton has been appointed marketing director of DAVIDSON PARK AND SPEED. Mr Corbet-Singleton was group marketing director of Overseas Containers and chairman of Overseas Containers (Europe).

BASE LENDING RATES

A.B.N. Bank	9½%	■ Hambros Bank	9½%
Al Baraka International	9 %	Heritable & Gen. Trust	9½%
Allied Irish Bank	9½%	■ Hill Samuel §	9½%
Amro Bank	9½%	C. Hoare & Co. †	9½%
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9½%	Kingsnorth Trust Ltd.	11 %
Armco Trust Ltd.	9½%	Knowsley & Co. Ltd.	10 %
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Banco de Bilbao	9½%	Mallinhall Limited	9 %
Bank Hapoalim BM	9½%	Edward Manson & Co.	10½%
BCCI	9½%	Meghraj and Sons Ltd.	9½%
Bank of Ireland	9½%	Midland Bank	9 %
Bank Leumi (UK) plc	9½%	■ Morgan Grenfell	9½%
Bank of Cyprus	9½%	National Bk. of Kuwait	9 %
Bank of Scotland Ω	9½%	National Girobank	9½%
Banque Belge Ltd.	9½%	National Westminster	9 %
Banque du Rhone	10½%	Norwich Gen. Tst.	9½%
Barclays Bank	9½%	R. Raphael & Sons	9½%
Beneficial Trust Ltd.	10½%	P. S. Refson & Co.	9½%
Bremar Holdings Ltd.	9½%	Roxburghe Guarantee	10 %
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9½%
■ Brown Shipley	9 %	Standard Chartered ‖	9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9½%
Canada Perm't Trust	10½%	TCB	9½%
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9½%	United Bank of Kuwait	9½%
Cedar Holdings	10 %	United Mizrahi Bank	9½%
■ Charterhouse Japhet	9½%	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9½%
Citibank Savings ¶	10½%	Whiteaway Laidlaw	10 %
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	10 %	Wintrust Secs. Ltd.	9½%
Comm. Bk. of N. East	9½%	Yorkshire Bank	9 %
Consolidated Credits	9½%		
Co-operative Bank *	9½%		
The Cyprus Popular Bk.	9½%		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9½%		
E. T. Trust	10 %		
Exeter Trust Ltd.	10½%		
First Nat. Fin. Corp.	11½%		
First Nat. Secs. Ltd.	11½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%. 1-month 6.25%. Short-term £8,000/12-months 8.6%.
† 7-day deposits on sums of: under £10,000 6%. £10,000 up to £50,000 7%. £50,000 and over 8%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £7,000 6½%.
§ Demand deposits 6%.
¶ Mortgage base rate.
Ω Money Market Cheque Account—6.05%. Effective annual rate—9.43%.

THE ARTS

The status of photographers as creative artists even now remains ambiguous, though the argument for the photograph as Art is as old as photography itself, and would appear to be largely won.

Photographers/London Galleries

The mechanical eye

Don McCullin's "Refugees in Beirut"

The few doubts that remain centre principally on the contemporary field. For the trouhle is that though all tha implements of the artist are manifest tools, the camera is the most obviously mechanical of them all; from which follows the unworthy thought that its product, rather more shall we say than is ever the case with pencil or brush, is determined less by manipulation than the processes of the mechanism itself: and from the subconscious prejudice comes the sense that the medium of photography is more funstional than creative.

Certainly the suspicion of Art Photography as such is general, and it is as remarkable as it is inescapable that the great majority of the photographers we now celebrate as artists were all working to some demonstrable point, either towards the technical development of the medium in the early days, or later to a journalistic or documentary end. The paradox is that having acknowledged the end to be served in such work, we no longer worry too much about it, but turn at once to celebrate precisely those qualities of Art which we distrust so much: technical mastery and invention on the one hand, personal vision and humane insight on the other.

Three current exhibitions by distinguished and even famous practitioners make the point, if in rather a backhanded way. David Bailey (at the V & A until November 27), Don McCullin (Olympus Gallery until October 18) and Cornel Lucas (Photographers' Gallery until October 8—and then on tour) are all as well established in their careers as lt is possible to be; but whatever their ambltions and pretensions, the nature of their various success is such that we would hardly usa 'artist' yet of any one of them.

David Bailey's is perhaps the most intriguing case of all, for of the three he has been the one most inclined towards the more self-consciously experimental, both technical and expressive. This has been especially true of his puhlished work in recent years; and yet he has continued active in the field of fashion photography, in which he first made his name, and there can be little doubt that whatever else he does, his work to commission there, to satisfy the often conflicting interests and preferences of client, editor and director, will last as being amongst his very best. Such constraint, as in all the arts, is a kind of freedom.

His exhibition, however, does not give us the recent work, bnt stops at 1969 with a selection from his curious and now potently evocative epilogue to the Sixties, "Goodbye Bahy and Amen." It is not to dismiss the work to say that the emphasis is perhaps misjudged and an opportunity missed; for we begin at the beginning in the late fifties, hut are rushed through the earlier phases to tha point around 1965 when Bailey can be said truly to have arrived, a star of Vogue and a national figure.

He had found a style, a way of working and a characteristic image, the figure set into the white limbo of the studio, strongly lit, with great emphasis upon tha silhouette, the portrait often close up to the point of distortion. It is the styla of the later sixties and very well done, not revolutionary exactly, hnt an idiosyncratic contribution to a strong tradition, ont of Avedon and Brandt. But rather than have the style shown as lt was fixed, we might well have seen rather more of its development, in the early years with Vogue especially, with the imagery more natural and on the wing, and the contrived spontaneity of the location shot. He produced some of his best work before 1965, both in and out of Vogue, his deserted East End streets, the debt to Brandt notwithstanding, quite remarkahle.

Don McCullin's show is a tour de force. He is of the same *generation* as Bailey, and there are many similarities in their work, the same tonality in particular, and the same simplicity of composition and emphasis; and they share too the same technical command. But he is a very different kind of photographer in essence, and, having no immediate pretension in his work to creative expression, hut only the compulsion to record what he sees, he reveals himself as an instinctive artist. He has no studio in which to set and control the image, but must respond to what chance puts his way. And as he works he must get it right in every sense, technical and expressive, almost without thinking.

His material is inherently disturbing, often horrific, for he has always been drawn to what Goya knew well enough as The Disasters of War; and it is his technical discipline which keeps him, and us, at the necessary psychological distance from his subject, however close he may take us in fact, that allows us to see what would otherwise be unviewable. His eye is such that everything he sees resolves itself into a significant and potent expressive image, simple, uncomplicated, refined.

His subject here in Beirut, *torn apart* by *civil* war: a nun bends over an old man in the hospital, who stares fixedly at the camera with his one eye; a mourning family stands together like an ancient chorus; a terrified group huddles together with hands in the air; the corpse of an old woman lies stretched out beneath a tree; hodies under the stairs; men with guns; rescue parties; a mass grave. No gloss is given, and none is needed. It is the artist and not the photographer who makes the point.

With Cornel Lucas we are hack with fashion and portrait photography but rather of the generation of the fifties than the sixties, though he continues as active as ever. The work of the fifties has too often been discounted for the sake of what came later and the direct comparison we can maka between Lucas and Bailey the more use*ful* for that: *Lucas* the consummate professional preserving always a degree not of anonymity so moch as personal detachment, Bailey ever more directly involved.

Lucas began as a photographer at Pinewood studio and he has retained always something of the bigh gloss of the studio image that we knew in the Hollywood photography of the same period: hut he was *never a fantasist*, for all the glamour and vanity of the film world, and his portraits of Bardot and Bacall, for example, serving their iconic purpose admirahly, remain nevertheless accessihle as credible images of real and interesting people. His professionalism belies his subtlety and he is more of an artist than he would aver claim to be.

WILLIAM PACKER

The Met at 100

On 22 October 1883 the Metropolitan Opera gave its first performance—*Faust*, with Christine Nilsson. One hundred years later, the company is *en fete*. On the exact anniversary day an eight-hour gala, divided into afternoon and evening segments, will gather together a crowd of stars for a Grand Vocal Concert of the kind New Yorkers particularly relish (it will also be televised and transmitted, at least in part, internationally).

But the choice for opening night of the centennial season fell on a work that can only he contemplated hy an organisation serious in intention as well as vast in resource—*Les Troyens*, given ahsolutely complete on a single evening. As the New *Grove puts it*, "*Originally* conceived by a score of millionaires who could not obtain boxes at the Academy of Music, tha Metropolitan has transcended its initial purpose"; the selection and the execution mirrored the dual concerns of the Met and its andience, both the desire to put on and be part of a hig show and the urge to reproduce the nohler side of opera on a large scale. At the premiere there were indeed a "score of millionaires" in the house, and a host of dignitaries and celebrities besides—but the performance was widely reported as being imperfectly finished. By second night it was starting to pull together.

On the simplest level, the work gave pleasure by being in scale with the huge house—wide stage, high anditorium and impressive acoustics (which, even from a seat qnite far hack in the *stalls, kept* a *vivid balance* between voices and orchestra) all seemed to conspire together to draw an authentic thrill from Berlioz's largest inventions. It was worth crossing the Atlantic to hear the mass of sound so easily and authoritatively spread ont where at Covent Garden congestion is an obvious danger—the "châtiments effroyables" ensemhle in the first part, the whole of Dido's death scene.

There is still, however, some way to go before the whole is the equal of its best parts. James Levine has the measure of the work's length but not of its full depths. To a Londoner who caught np in tha tail-end, at least, of the *Trojans* rediscovery, it quite often seemed as though this was here felt to ba just another grand opera, to be conducted with cara and accuracy but not with the excitement that issues from special belief. Detail known to be crucially significant to the unfolding of tha drama tended to be passed over; onc listened in vain for the sharp, shrill edge of woodwind in much of the Trojan music, for the peculiar definition of Berlioz's hass lines, for the way the very sound relates the interruption of the Carthaginian idyll. The taste of the performance was unformed.

This was reflected alike in the undistinguished casting of minor roles and in the uncertain response of most of the principals. Placido Domingo's first Aeneas was a disappointment; downward transposition in two places indicated discomfort with the lie of the heroic music, and though the burnished tone in the love scenes did no harm, the lack of specificity made this just another entry in the tenor's vast repertory.

Dido was Tatiana Troyanos, who also prodnced a stream of lovely *sounds* (as well as *some* breathy ones), and whose technique ensured security where some Didos are forced to become choppy; she entered like a tall, slinky fashion model, and only grew into a qoeen towards the end. Enunciation was generally blurry — it was only in the delivery of the single native of the cast, Jocelyne Taillon as Anna, that the words regularly fnlfilled their expressive possibilities.

Even Jessye Norman's words lacked at times sharpness of cut; on all other counts, Miss Norman's delayed bouse debut as Cassandra was the single indisputahla success of the whole enterprise. The voice, better fitted for queen than prophetess (later in the run the two female leads are due to exchange roles), could not make the cry of "Malheur" ring out above the chorus. Yet the style, immensely grand, economic of gesture, genuinely warm bnt never obvious, showed how much the artist has developed since those unready Cassandras at Covent Garden more than a decade ago. Her presence was in the best way theatrical, in a performance otherwise short on just that kind of focus in the foreground.

Jessye Norman

The production, first given in *1973, offers* little impetus to foreground or background, Peter Wexler's designs, which revolve and trolley in constant activity for no atronger reason than that they are there to do so, never at any point discover an epic tone; one after another, the great strokes—entry of the horse, death of the Trojan women, departure of the ships, worst of all the non-enactment of the Royal Hunt—are fudged. In Fabrizio Melano's production the chorus troops on into oratorio positions and then troops off again. Costumes, crimson and gold, are Hollywood-spectacular. From a dramatic point of view the staging operates by non-interferenee; any more positive attrihnte is hard to discern.

In spite of such faults, however, this is a noble undertaking by comparison with the other offerings of the first weeks, predictahle *Met stuff. La forza del destino* is reduced to long, dull routine hy Grace Bumbry (superficial and vocally strenuous), Carreras, Bruson, and an elderly-sounding Nicolai Ghiaurov, and by Levine's rushing and pushing rather than unfolding of the music.

For Joan Sutherland the *Fille du regiment* romp has been revived; the andience has a high old time, applanding in its noisiest, most mindlessly generous fashion, and both the prima donna and Alfredo Kraus as Tonio throw themselves into the proceedings with huge jollity. Of genuine charm and vocal enchantment (apart from a few brilliant Sutherland decorations in Act 2) as distinct from bounciness there was little sign: the soprano is still a Phenomenon, but Donizetti's sprightly *vivandière* is made an aspect of it, rather than the other way round.

MAX LOPPERT

Final curtain for NYT?

When the curtain went down on Saturday on the last night of the National Youth Theatre's production of *Hamlet* it also marked the end of an era. For after 12 years at the Shaw Theatre, the company, founded by Michael Croft in 1956, is homeless again.

The company's future began to look unsure in 1980 when the Arts Council cut off all subsidies to the National Youth Theatre and its professional Shaw Theatre Company. Two years later the Greater London Council also severed grants to the company.

Camden Council, which owns the Shaw Theatre then terminated the NYT's lease of the theatre. Tho company is to leave from next month, with tha offer to return for summer seasons. Michael Croft is urgently seeking alternative premises for the NYT and had planned to move into a furniture store in Kentish Town. A fortnight ago, however, the furniture company unexpectedly pulled out of the deal.

Tho future had begun to look hrighter when Texaco stepped in last year with sponsorship funds amounting to £65,000. The oil company also put up £10,000 for the NYT's playwriting competition. But there is no guarantee that Texaco will continue to hack the NYT in the coming year. "To lose a home is no encouragement to any sponsor," said Michael Croft, "nobody wants to pick up a pauper—not even an oil company."

Mike Westbrook/Snape Maltings

Christopher Lorenz

On the sun-drenched seafront of Benjamin Britten's quintessentially English Aldeburgh on Sunday morning I saw an elderly lady poring over a map . . . of Egypt.

A couple of hours later Mike Westbrook was up on the stage of Snape Maltings, telling us that his new Young Persons Guide to the Jazz Orchestra, the first jazz work commissioned by the Aldeburgh Festival Foundation, had been inspired by a string of similar misplaced events.

From the way he linked a map of Bulgaria found in a Glasgow street with the Cerne Abbas Giant and a series of chance events on tour in the UK, France and New York, Westbrook's two 15-minute introductions to each half of the "Guide" were masterpieces of mystery and showmanship, carefully pitched to involve even the most dull audience and to heighten one's senses to razor-sharp.

In musical terms, the mystery at the centrepiece of this ambitious new work hy one of Europe's most brilliant and versatile jazz composers is a haunting, rippling chord in which an A flat sequence is overlayed across an F minor chord.

To Westbrook, this is the "Smiths Hotel Chord," discovered last winter on the piano of the Glasgow hotel at which his group was staying (and outside which the Bulgarian map was found). It gives the "Guide" its main name, after Smiths Hotel, and its sense of the unknown. (Over the next few months, as he toured across the UK, France and the U.S., it followed him, popping up mysteriously between all the other jazz styles he heard or played, from Duke Ellington to free-ranging modern improvisation.

Using 17 players and over 20 instruments, the "Guide" swings (in every sense) between straightforword presentations of each instrument, solo or in pairs, to complicated sections in unison. Familiar shapes, styles, moods and rhythms ebb and flow into a constantly shifting tapestry of original sound.

In this sense Westbrook succeeds just as well as did Britten almost 40 years ago with his classical (and classic) "Young Persons Guide to the Orchestra." But in other ways his jazz guide is a disappointment. Not only is it too long for any bnt the most adult child (two hours including the two quarter-hours of indispensible verbal introduction), but it is over-complex (even this overgrown child lost his way in the second half).

The final disappointment is that the guide itself, unlike his introductions showed little of Westbrook's usual humour (musical and visual). The two young children I took to Sunday's premiere didn't think it was a patch on the riotous evening that a performance of some older Westbrook pieces gave them at the Hammersmith Lyric last Christmas. As Britten knew, humour is a vital weapon in the educational process, especially when the subject is as complicated as Jazz.

What the Butler Saw/Bristol

B. A. Young

"You must get a director who, while making it funny, brings out the sub-text," Kenneth Halliwell told Joe Orton, when he read the script of *What the Butler Saw. Philip* Grout, at the Theatre Royal, has been as busy as a beaver in making it funny, but he hasn't made the sub-text clearer than any previous director I know of. Orton maintained that there were classical references in the play—to *The Golden Bough* (represented hy a fragment from a statue of Churchill hlown up by a lady homber) and to the Greek tradition of the *deus ex-machina* (represented by a policeman entering a sealed-off room down a ladder through the skylight).

If there is a true sub-text to this farcical evening, devoted to voluntary or involuntary transvestitism, it is the satirical reference to psychiatrists' belief that simple things are all the consequences of serious, probably sexual, stimuli. By setting the play in a madhouse, described as such in the dialogue, though called "a private clinic" in the stage direction, Orton has endless opportunities to make fun of psychiatrists. His dialogue has a likable way of using cliché phrases in outlandish circumstances. "I've just certified you as insane." "What right had you to take such high-handed action?" It keeps the proceedings comic when the story runs not out of action hut out of invention. When we have got used to seeing the characters dress up, or more probably undress.

Kate Lock as Geraldine, the frustrated secretary, and Timothy Roland as Nick, the lecherous playboy, act as prettily as they strip. For those with more far-ont tastes, Michael Simpkins as a police sergeant strips, too. Mainly the action is an intellectual duel between Dr Prentice (Ian Lindsay) and Dr Rance (Michael Burrell), with the youngsters as their chessmen and Dr Prentice's wife, a leshian witch, available to add complexity to a complex situation.

They tear off the dialogue briskly enough as they chase one another about the many-doored consulting room of John McMurray's set but if any of them has a clearer idea of tha sub-text than I have I should be surprised.

Young Writers Festival sponsored

The Young Writers Festival at the Royal Court is to be sponsored by Rank Xerox. The company is contrihuting £12,500 a year for the next three years. The festival takes the form of a season of professionally produced plays selected from a large number of scripts sent to the Royal Court. Last year nearly 500 were submitted by young people.

This year scripts should arrive at the Royal Court by November 19. Tha winning plays will be prodnced at the Theatre Upstairs next March.

Benson and Hedges Gold/Covent Garden

Rodney Milnes

What are prizes for? Do they—or should they—recognise achievement already attained, or encourage talent *that is still* developing? On this depended the outcome of the seventh Benson and Hedges Gold Award for Singers, the finals of which were held for the first tima at the Royal Opera House on Sunday evening. It was plain that out of the four finalists, whittled down from 82 entrants from 18 countries, one was by far the most accomplished and mature artist. But should that, as it were, have disqualified her? Should she be too husy pursuing a professional career to have the time (or energy) to enter competitions? Might the £3,000 be better spent on fostering the promise shown by the other three?

In the event the best singer won. The Swiss mezzo Brigitte Balleys had shown (in slightly too long a programme) astonishing maturity as an interpreter of Massenet, Wagner and *Lieder*. Her fully developed voice is warm and even over a wide range, and any suggestion of a limited range of colour is fully compensated for by tha intelligence and clarity with which she uses words, whether *Charlotte's* in *the Letter scene* from *Werther*, Mathilde Wesendonk's in two of Wagner's songs, or Goethe's in Schnbert's Scene from *Faust*, in which tha Evil Spirit and the betrayed Gretchen were most vividly characterised. Her lively account of the Brahms Gipsy Songs suggested, as the programme confirmed, that she had twice attended master-classes with Elisabeth Schwarzkopf. Looking shy and slightly ungainly at first, Miss Balleys came alive as soon as she started to sing. Plainly a remarkahle artist.

If the competition were run in terms of *Daisy Pulls It Off*, then the British mezzo Anne Mason would probably have won. She flung herself at the sama Massenet extract, not quite the same Wesendonk songs, and Mozart's Sesto ("Deh per questo istante") with wholly engaging enthusiasm, hnt her spirited involvement could not qulte disguise soma notes unsurely pitched and the odd musical line not quita sung "through." Very likeahle, though.

If popular acclaim, as in *Meistersinger*, ware the criterion, then one of tha two finalists from the Republic of China might have won. The standard of teaching at the Peking Central Conservatory is plainly exceptional. Both Liang Ning (mezzo) and Fu Haijing (baritone) displayed faultless vocal techniques, their voices perfectly placed, their tone contained and smooth, their phrasing naturally appreciative. But in both cases, whether Mr Fu in "Di Provenza" and Mahler's *Wayfarer* songs or Miss Liang in Duparc, Mozart/and Rossini, it was the pure musicianship rather than interpretative insight that impressed. No criticism intended on that count, but I hope these singers will have the opportunity to study further in the West. Their promise is boundless.

Sir John Tooley, chairman of the judges, presented the award, and the Royal Opera Orchestra under David Atherton provided sound support.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Sept 30–Oct 6

Opera and Ballet

WEST GERMANY

Berlin Deutsche Oper: Premiering this week is Zimmermann's Die Soldaten, presented for the first time in Berlin. Produced by Hans Neuenfels it has Catherine Gayer and Rolf Kuhne in the main parts. The Marriage of Figaro has Pilar Lorengar in the leading role, as well as in Tosca. Wolfgang Korngold's rarely played Die Tote Stadt brings together Karan Armstrong and James King.

Hamburg Staatsoper: Madame Butterfly, sung in Italian, has Yoko Watanabe and Juan Lloveras in the main parts. The Magic Flute, an ultra-modern production by Achim Freyer, has fine interpretations by Martti Talvela as Sarastro and Carla Del Re as Queen of the Night. Der Barbier von Sevilla has Ruggiero Raimondi and Lucia Valentini-Terrani in the cast.

Cologne Opera: Acclaim for Elektra, produced by Munich's Opera Director August Everding, who introduced himself to the Cologne audience with this production, was great. It is cast with Gwyneth Jones, Helga Dernesch and Lisbeth Balslev. The Turn of the Screw rounds off the week.

Frankfurt Opera: Janacek's Jenufa, added again to the programme, has Helena Döse making her debut in the title role. La Traviata, conducted by the young American conductor Judith Somogi, has Faye Robinson in the part of Violetta. The First premiere this season, Der Freischutz, as Walter Raff and Barbara Bonney. Carmen features Gail Gilmore in the title role.

Munich Bayerische Staatsoper: This week's highlight is Otello with Julia Varady, Wladimir Atlantow and Piero Cappuccilli. Werner Egk's Peer Gynt, produced by Kurt Horres, has Cheril Studer excelling in the main part. Giacomo Puccini's two one-act operas Il Tabarro/Gianni Schicchi are well worth a visit with Rosalind Plowright, Astrid Varnay and Giorgio Lamberti.

PARIS

Paris Opera presents Rossini's Moses sung by Samuel Ramey and Shirley Verrett (266 5022).

1st Paris International Dance Festival: Nederlands Dans Theater, artistic director Jiri Kylian: "Curses and Blessings", "Violin Concerto", "Information About Music" or "Symphonie Des Psaumes" at the TMP-Châtelet (261 1983).

Théâtre National de l'Opéra de Paris: "Coppelia" conducted by John Lanchbery, original choreography for the 1st and 2nd act by Arthur Saint-Léon, adaptation and choreography for the 3rd act by Pierre Lacotte. Théâtre des Champs Elysées (723 4777).

LONDON

Royal Opera, Covent Garden: Werther, a John Copley production originally mounted for the ENO and later taken over by the Royal Opera, returns with a largely new cast – Giacomo Aragall in the title role, Yvonne Minton and Yvonne Kenny, conductor Jacques Delacôte. Further performances of La Clemenza di Tito, with Stuart Burrows and Doris Soffel; final showing of Berg's shattering Lulu, with Karan Armstrong.

English National Opera, Coliseum: Monteverdi's Orfeo, in the controversial (and to some tastes, ludicrous) production by David Freeman, returns with Laurence Dale, new to the title role. Also in repertory: the new Rienzi, with Kenneth Woollam, Felicity Palmer and Kathryn Harries, and Ariadne on Naxos.

Sadler's Wells Theatre: Two further performances of the Buxton Festival production of Vivaldi's Griselda, with Cynthia Buchan and John Mitchinson. Thereafter, the English Bach Festival takes over the theatre for a short season devoted to the celebration of the Rameau tercentenary – a new production of Platee and a revival of Nais.

Royal Opera, Covent Garden: The Royal Ballet opens its season with a performance of Swan Lake.

Dance Umbrella: This festival takes place in many and varied dance spaces over London where modern and post-modern dancers of many and varied pretensions can be seen. Sample with care.

NEW YORK

Metropolitan Opera (Opera House): James Levine conducts Les Troyens, with Jessye Norman as Cassandra, Tatiana Troyanos as Dido and Placido Domingo as Aenas; Richard Bonynge conducts La Fille du Regiment with Joan Sutherland as Marie and Alfredo Kraus as Tonio; Eugene Kohn conducts La Boheme with Mirella Freni as Mimi, Barbara Daniels as Musetta and Neil Shicoff as Rodolfo, in the second week of the centenary season. Lincoln Center (580 9830).

Placido Domingo as Aeneas at the Metropolitan Opera

New York City Opera (New York State Theatre): Turandot, Les Pecheurs de Perles, Carmen, The Merry Widow and Alcina. Lincoln Center (870 5570).

Marta Renzi & Dancers (Dance Theater Workshop): Premiere of What Practice Makes, set to Beethoven string quartets and choreographed by Miss Renzi, highlights a three-week season. 19th St. & 7th Av (691 6500).

F.T. CROSSWORD PUZZLE No. 5,233

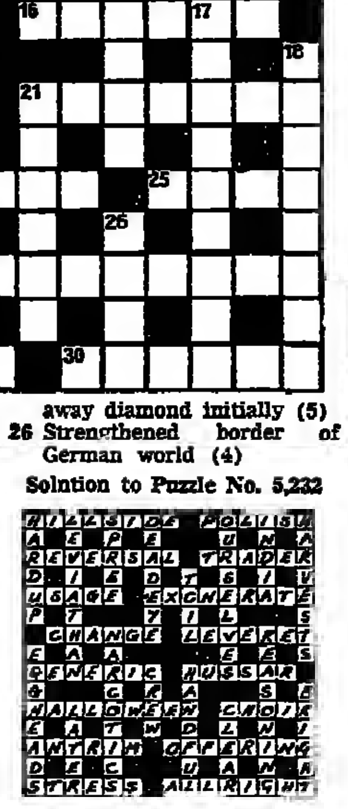
ACROSS

1 Tended to make runs against Edgbaston openers (6)
4 *Making the whispering* sound of stocktaking (8)
10 Footballers uncomfortable at homa? (9)
11 Common attempt to make quick revolution (5)
12 O, to have no middle, to be neat! (4)
13 Horoscopist—sort in 8—in 11? (10)
15 Because of certain death he has taken cover (7)
16 Going out for a second book (6)
19 Globe Theatre? (6)
21 Is it laid down according to Mosaic Law? (7)
23 Superior way of bank's position (4, 6)
25 Red flower invading your allotment . . . (4)
27 . . . madder? It can be a difficulty with one at first (5)
28 Jugged hare worse for display in a box (5-4)
29 Dismissed a politician for all that gas about the miners (8)
30 Remained supported (6)

DOWN

1 Fresh pick-me-up of scientist who's put on pounds (8)
2 No first places for these hill-climbers? (7-2)
3 Vigil before noon, in uniform (4)
5 Rising tide of group-surgeries (7)
6 Sort of maiden—O how Lester looks weird in it! (5-5)
7 Topping stuff for bad cold symptoms (5)
8 Love Elgar variation in abundance? (6)
9 Muddled, having eaten together (6)
14 Lawn of SW gardener turned over . . . (10)
17 . . . dig extremely lightly? It's not natural! (9)
18 Sacred greeting to the married (8)
20 A murder suspect, one hears (3-4)
21 Successors, after a time, get what belongs to them (6)
22 Chief Magistrate in East and law officer, almost, in West (6)
24 He makes a mockery of bridge, perhaps, throwing away diamond initially (5)
26 Strengthened border of German world (4)

Solution to Puzzle No. 5,232



FINANCIAL TIMES
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Tuesday October 4 1983

EEC ties to Third World

NEGOTIATIONS open on Thursday for a successor to the Lome Convention linking tha European Community to a group of 63 developing countries in Africa, the Caribbean and the Pacific region. The negotiations are likely to be protracted since many hopes once attached to the "spirit of Loma" have been belied.

Under the present convention the EEC grants preferential access to ACP (African, Caribbean and Pacific) exports without demanding reverse preferences in return. It provides aid through the European Development Fund whose annual disbursements have risen above Ecu 700m (about £400m). It offers some protection against declining prices for a range of ACP commodities through the Stabex mechanism; and it is committed to buying 1.3m tons of ACP sugar a year.

Each of these elements has given rise to disappointments. Preferential tariffs are to some extent made nugatory by a regime of certificates of origin and safeguard clauses for ACP manufactures. This regime can he seen as a hindrance to industrialisation in the ACP countries.

Almost inevitably the ACPs are dissatisfied with the amount of aid that the EDF offers them, especially at a time when the terms of trade have been turning in favour of the industrial countries. As for the Europeans, they bave been worrying about the efficacy of their aid. Few if any of the ACPs have advanced to the verge of industrialisation.

Stabex does not have enough money to meet the demands made on it to compensate for loss of export earnings from raw materials: less than half the claims made can be met. The Europeans feel that Stabex money is not being used to tide over the afflicted industries, hut as cash to help over external and budget deficits.

As for the sugar protocol, it does offer the ACP producers a price above the present world price for sugar. But they argua that that world price has been ruined hy over production within the EEC.

Almost without exception the ACP countries are former British or French colonies and the Lome system is sometimes seen as a perpetuation of the former colonial relationship. Yet the ACP countries have gradually diversified their trade away from Europe and have edged closer to a more equal partnership

Tha real case for persevering is that allowing Lome to lapse would be read throughout Third World countries as a sign that Europe is losing interest in them. That would not serve the interests of the EEC, of the West, or of the industrialised North.

The Europeans are going into the talks with a set of ideas developed by M. Edgard Pisani, EEC Commissioner for co-operation and development, whicb can form the basis for improvements to the Lome system. One proposal which should prove relatively uncontroversial is for priority to be given to rural development. Several African statea are moving in that direction. The idea has also been written into The Lagos Plan, the manifesto for economic development of the Organisation of African Unity.

Aid conditions

That plan as yet may be no more than a statement of good intentions, hut it is worth noting that It does match M Pisani's wish for more regional co-operation among the ACPs. That ls something that only the countries concerned can hring about. Given the smallness of most of their cash economies, functional co-operation should he encouraged wherever a basis exists for it.

The Community would do well to listen to the ACP complaint against non-tariff barriers. The case for protectionism is especially weak where it is directed against countries as poor as most of the ACPs and against quantities of manufactures as small as those they can provide.

Most controversy will be aroused by the wish of the Europeans to attach more conditions to their aid. The ACPs will argue that channelling Stabex money into the industries producing raw materials is a perpetuation of colonialism. Their sensitivity ls understandable. But in view of the unconstructive uses to which aid money often bas been put, the need for closer control is undeniable.

A convincing case for increasing the volume of aid can be made out only if there is a reasonable certainty that it will be applied where it does most good. That may be a long way from the euphoria of the "spirit of Lome," hut bard-beadedness rather than euphoria is needed to deal with the problems of the world's poor.

The urge to privatise

THE CENTRAL dilemma in Mrs Thatcher's economic policy has been clear from the outset: how to reconcile the demand for increased public expenditure and lower taxation with the longstanding commitment to financial discipline. Since the Chancellor's package in July the answer has been equally clear, at least to the cynics. The medium term financial strategy will remain intact only at the cost of fudging the figures through sales of public sector assets.

Cynicism seems likely to increase when news that the privatisation programme ia expanding beyond the Tory manifesto proposals coincides with the Government finding itself on the spot over cuts in the health service. If tha chief means of preserving the medium term financial strategy is to be a much higger upheaval in the structure of industrial ownership in Britain, the Government will have to pay more attention to the presentation of its privatisation policy than hitherto.

Regulators

In our view the introduction of competitive pressure to public sector enterprise is a far greater spur to efficiency than the act of privatisation. That said, there are good arguments on a case hy case basis for divestment. The lack of a comparable mechanism to receivership and liquidation in the public sector bas tended to undermine financial discipline in the nationalised industries. And the need to present a prospectus imposes a modest discipline on accounting procedures and financial reporting.

Arguments about the beneficial effect of removing public sector borrowing constraints on investment and taking Whitehall bureaucracy off management's back are, bowever, more suspect. There are certainly cases of actual or potential capital starvation in the state-owned sector wbere hiving off a profitable subsidiary from a troubled parent may make sense: Jaguar may be a case in point. But in other respects the problem is less one of ownership than of muddled public sector finance and poor departmental monitoring.

It is far from clear, for example, that British Telecom would find readier access to risk capital in the private sector if it was unable to finance its investment programme out of whatever profits the regulators permit it to earn. Nor is the record of private sector fund managers in monitoring their investments all that impressive.

More concern arises over the implementation of the policy. The rush to float British Telecom has mean that a complete — though not by U.S. standards extensive—regulatory framework is being set up from scratch in some haste. In these circumstances there ls a risk that the system will depend to an undesirable extent on the goodwill of the monopoly that is being regulated. It is important, too, that the British Airports Authority should not have its way in asking to be privatised wholesale, thereby ensuring that an opportunity to hreak up its monopoly is thrown away.

In other cases there are question marks about the degree of financial risk that falls on the taxpayer. British Airways is widely recognised as a difficult candidate for flotation. Ideological enthusiasm should not ha allowed to override the need to protect the taxpayer from excessive costs and riaks in that privatisation. Similarly, at British Nuclear Fuela the cost of putting the company into suitable shape for flotation could be enormous. And what of the impact of more extensiva privatisation on the equity market?

Mechanism

To be fair to the Treasury, which masterminds the queue, great care is being taken to limit the risk both to the taxpayer and the markets. Moreover, the problem of raising the wind can be exaggerated: in a world free of exchange controls this criticism betrays a lack of faith in the market mechanism.

But huge portfolio flows cannot be generated without some likelihood, other things being equal, of wider effects on interest rates and exchange rates. If, as some brokers fear, the outcome is that the cost of capital to existing private sector companies goes up while profit margins are simultaneously squeezed, the medium term financial strategy — superficially intact — may prove a threadbare offering with which to placate the electorate.

French electronics industry

The struggle to keep up with the leaders

Paul Betts in Paris reports on the implications of the asset-swap between the Thomson group and CGE

Georges Peberean of CGE (top) and Alain Gomez of Thomson: a dramatic assets swap

PRESIDENT Francois Mitterrand has just given his blessing to tha most sweeping reorganisation any European country has undertaken in its electronics industry in recent years. It is, however, not the first nor probably the last in France. And like past shake-ups, It is designed to rationalise the Frencb electronics industry, creating a solid base for domestic growth and a platform for expansion on world markets.

In bis most rhetorical manner, President Mitterrand said last week the latest plan would enable France to make what ha termed "the great electronic leap forward." M Laurent Fabius, the young Industry Minister and a favourite son of the Elysee Palace, claimed it would help transform France into "the third electronic nation in the world" after the U.S. and Japan.

Behind the high sounding words, the latest reorganisation is an exercise in economic survival. Its centrepiece is a major swap of assets between Thomson, the financially troubled state electronics group, and Compagnie Générale d'Electricité (CGE), the other dominant nationalised electronics concern. The swap will merge the Frencb telecommunications industry under one umbrella, beld by CGE, wblie consumer electronics, semiconductors, components and military electronics will be concentrated at Thomson. Computers and data processing have already been grouped around Compagnie des Machines Bull, the other troubled French nationalised electronics enterprise.

Significant phase

The shake-up marks another significant phase in the evolution of industrial policy since the Socialists came to power in 1981. From an initial policy of heavy intervention and protection, policy during the past six months has assumed an increasingly market and internationalist approach.

The cbampion of the interventionism was M Jean Pierre Chevenement, the then Socialist industry minister and leader of the party's far left ideological faction. It was M Chevenement who launched with great fanfare the Socialists' FFr 140bn (£11.56bn) five-year electronics investment and development programme in the summer of 1982 as the cornerstone of French industrial policy. But he was working in a context of refiation an state-stimulated growth.

The French economy has since stopped growing, tha Franc has been devalued, and the Government, engaged in a tight austerity programme, no longer has the funds to finance grand industrial designs.

Since he took over the Industry portfolio last spring, M Fabius has been cautious, pragmatic and low-key, bnt be has nonetheless mada his priorities clear: from now on nationalised industry must be tightly and profitably managed. State bosses have greater freedom than M Chevenement ever did, but M Fabius has told them he wants profits by 1985 or they risk being ont of a job.

Moreover, M Fabius has been arguing that France cannot solve its industrial, and especially electronics, problems on its own. He has been pressing for greater industrial collaboration not only in Europe but with the U.S. and Japan. Last week he suggested, together with other Mitterrand Government officials, that public sector orders might be opened to foreign bidders provided that French companies had equal opportunities.

It was against this background that M Fabius consented to the negotiations between M Alain Gomez, the chairman of Thomson, and M Georges Pebereau, the managing director of CGE, that have now led to the spectacular asset swap agreement. He accepted their argument that the deal was necessary for the survival of the country'a electronics industry in an increasingly competitive world market.

In any event, urgent action was needed to stop the financial haemorrhage at Thomson, and revitalise and reorganise an industry that has so far produced more disappointments for France than achievements. In the telecommunications sector, state-backed initiatives in *telematique* — including, among other things, an ambitious scheme to provide electronic telephone directories for all phone users—have yet to become commercial success stories.

In computers, IBM is still way out in the lead in the French market, despite 10 years of mergers, demergers and remergers to transform Bull into the domestic industry leader. In microelectronics, France has been trailing behind many other European countries. As a result, from a surplus of FFr 2.2bn four years ago, France'a electronic trade balance turned in a deficit of FFr 8.2bn last year.

The most significant and controversial aspect of the latest reorganisation is the decision to allow Thomson and CGE to merge their telecommunications assets into a single monopoly concern under management control of Cit-Alcatel, CGE's tele-communications subsidiary, despite fierce protests from the PTT, the French posts and telecommunications authority.

M Fabius went along with M Gomez and M Pébereau, who both argued, for different reasons, that the French telecommunications industry could only remain competitive through the merger. Telecommunication operations have been losing tha Thomson group about FFr 400m a year. "We had to find a partner," M Gomez says. "We looked outside France but all the deals would have Thomson in a dominated position. That was unacceptable." The last remaining alternative was a French partner.

> The companies said the deal could keep the telecommunications industry competitive

In CGE, M Gomez found a ready partner. The diversified electronics concern; one of the few profitable French state groups, is trying to transform itself from a rambling conglomerate into a group operating in three or four industrial growth sectors, the two main ones heing telecommunications and energy systems. M Pébereau, wbo launched a major asset redeployment programme this year, says: "You can only be aggressive in a world recession if yon operate on a worldwide scale".

With the Thomson merger, M Pebereau will now have a telecommunications group on the world scala he wants. The merger will create a new concern with annual sales of FFr 12bn, employing nearly 40,000 people and ranking among the fifth largest telecommunications companies in the world.

CGE's Cit-Alcatel telecommunications subsidiary is profitable and its E-10 public digital telephone exchange system has made it the world leader in this field, with more than 11m lines ordered or installed (most of them in France). Bnt the Thomson merger will put it in a sounder position to develop its next generation of public telecommunications systems.

The merger is also aimed at strengthening the Frencb telecommunication industry's hand in export markets. The domestic market, which will continue to account for the lion share of orders, has already past its peak. Barely 10 years ago France had only 5m telephone lines installed. Today there are more than 21m lines and the target is for 24m lines by 1986. Under these circumstances, M Pebereau wants to see exports, currently accounting for abont 30 per cent of Cit-Alcatel's annual sales, increase to about 50 per cent of the total.

Although the merger may force the PTT to look outside France for a second supplier to compete with the new domestic telecommunications concern, Thomson and CGE believe they will now be in a stronger position to negotiate collaboration deals with other international telecommunications companies.

The re-structuring will bave important implications for the other main sectors of the French electronica industry.

In consumer electronics, Thomson will have its dominant position further strengthened by taking over CGE's assets in this field. Thomson, which lost FFr 2.2bn last year, believes it has now reached the critical size needed to compete in the consumer electronics business. It has achieved this largely by foreign acquisitions and alliances. After failing to buy Grundig, Thomson got Telefunken as a consolation prize and subsequently struck a controversial licensing deal with JVC of Japan to make video cassette recorders. The Japanese agreement is another eloquent example of the incrasing reliance French industry is having to put on international collaboration in the face of declining domestic investment resources.

As for defence, the re-organisation will reinforce Thomson's role as the domestic leader in a sector which has traditionally been one of the most profitable parts of the French electronics industry. But the military business is not been booming as in the past and the Middle East is no longer the booming market that it once was.

Leadership role

In the non-military components business, Thomson is also assuming a leadership role. It will take control of the components business of CGE and become CGE's privileged supplier. The Government has decided in particular to entrust Thomson with the construction of a strong French integrated circuits industry. Although Matra, the state defence and electronics company, manufacturs semiconductors in a joint venture with Harris and Intel of the U.S., Thomson's presence in this business has been greatly strengthened hy a licensing accord with Motorola and the recent takeover of Eurotechnique, the semiconductor concern formerly owned by the nationalised Saint-Gobain group and National Semiconductor of the U.S.

In the computer sector, the Government has now abandoned the ambitious idea of a domestic industry producing a complete range of French systems. The computer, information processing and office systems businesses bave all been consolidated in the troubled state Bull group, which lost FFr 1.35bn last year and is expected to lose about FFr 650m this year.

Bull, under naw management, bas now scaled down its ambitions and aims to develop a range of products for potentially attractive gaps in the data processing market. It has absorbed Thomson's SEMS mini-computer subsidiary and CGE's Transpac office systems concern. It wants to develop a bigger presence in the small computer and micro electronics businesses.

But in the absence of adequate state financial support (the Government is scaling down its aid to Bull next year from FFr 1.5bn to FFr 1bn), France's new computer atrategy also leans heavily on international collaboration. Bull bas renewed and strengthened its industrial ties with Honeywell, the U.S. concern which still holds a minority stake in the CII-HB subsidiary of the Bull group. It bas recently teamed up with ICL and Siemens in a joint research centre in Germany. It has high hopes of its 9 per cent stake in Dr Gene Amdahl's Trilogy Systems, a U.S. start-up company, which aims to develop a new generation of large computers using innovative—and still unproven—chip technology.

Encourage development

The overall plan is designed to give France's state groups the necessary economies of scale to compete internationally, but it again places the whole emphasis on the large nationalised enterprises. M Fabius, when he became Industry Minister, said be wanted to shift the emphasis increasingly away from the big groups to encourage the development of small and medium-sized companies in France. But the acute financial problems of the big groups—not only in the electronic sector bnt also in the automobile, steel, engineering industries, among others—have landed on M Fabius' desk all at once aod taken up all his time.

The Government is clearly aware that without a strong web of small and medium-sized entrepreneurs, the French electronics sector will lack that key creative ingredient that is behind the success of Silicon Valley and the U.S. computer industry and is increasingly evident in Britain. Until now, high technology entrepreneurs have been conspicuous by their absence in France.

To try to correct this, M Fabius announced last week now measures to encourage the development of electronic technologies among small businesses. But the problems of the big nationalised gronps have given him little room to manoeuvre and forced him to decide in favour of an even greater concentration of the country's electronics resources in the hands of a few monolithic state enterprises.

Men & Matters

Safety first

Whatever bappened to altruism? Dr John Cullen, new head of the Health and Safety Commission, has no illusions about what should make safety a crucial issue for companies.

"To put it crudely," he says, "money talsk." The corporate image suffers from even the slightest suspicion of lack of safety, and so does the bottom line. But being seen to care attracts public approval—and, of course, customers.

Cullen has plenty of experience with high-risk industries like nuclear energy and chelmicals. He kicked off his new job yesterday by opening a mining safety conference in Sheffield.

For the past nine years, the commission bas been run by a trades union man, foundry workers' leader Bill Simpson. iWth Cullen's appointment, the hall passes to management: his last job was deputy chairman of the UK end of U.S. chemicals group Rohm and Haas.

Beer money

Beer is cheaper in Salford—at least it is at the Wallness Tavern. That is the first pub to he leased by SUPER Services, an immodestly-named private company which has been set up by the students' union of Salford University.

Salford's entrepreneurial students have a policy of lower-priced heer which helps endear them to Salford residents—and may do something to compensate for othar student frolics.

It appears there are sound heads on young shoulders. Soon two more puba and at least one supermarket are to follow as part of the union's busioess empire. It is also running three bars at the university, a travel office, two shops, the sporta ball aod the sports shop.

The company was set up with £5.000 in share capital to propel it into the wide husiness world. The union put up £4,000 and £1,000 came from tha university's enterprise fund.

Union officers cootrol the company but the board of directors also includes a senior university officer and a retired merchant hanker.

A further professional touch to the student company is its partnership with Trust House Forte in campus catering.

SUPER Services does not intend to let students loose on its outside husiness ventures. Professional staff are to be hired.

Becalmed

An Australian who helped sponsor his countrymen's receot yachting triumph in the America's Cup is in the doldrums in London only days after the Australia II victory.

John Dougall, aged 39, is sitting behind a desk in his London office—he cannot start work, however, until his work permit comes througb.

He was appointed general manager of the British subsidiary of Data Generals after running the Australian end of the business.

Dougall thought up the idea of putting his company's technicians and its computers at the disposal of the Australia II team. He installed computers on the support vessel to monitor the performance of the yacht gained from that revolutionary keel.

Dougall was in America to witness the Australian team's victory en route to take up his new job In Britain.

As be left for London he said "The prospects of running Data General's largest subsidiary is a challenge to which I look forward."

He still looks forward—while keeping one eye on his In-tray boping that his work permit may turn up.

Grow your own

The diamond market could lose some of its lustre if the scientists have their way. Harwell atomic researchers have found a way of making the desirable gems higger by the distinctly unromantic method of injecting them with carbon ions.

So far, their success has been limited—to be precise, to a growth rate of a millionth of a metre per hour. Thus, according to British Business, it takes "tens of hours" to add a few thousandths of an inch.

Hardly enough to set a girl's heart racing. But the Harwell scientists say flawed diamonds could be repaired hy the new technique, which has been tested on polished natural diamonds, known as macles. The carbon ions—atoms with an electron missing — are directed onto the macle's surface and travel so fast, they are huried within the crystal which is heated to 800 degrees centigrade.

BP Minerals is seeing if tha process can be commercial. The scientists say there seems no reason why a diamond shonld not be made to grow indefinitely. Hiw big does a girl's best friend have to he?

Pink and fast

The fast-growing express freight business already has a distinctly Australian tinge In Britain with TNT, claiming to handle more overnight (or "overnite," as they insist on calling it) freight than any of its competitors.

Now, four Australiana have joined forces to form the Independent Express Corporation. From oext week, a fleet of hideous shade of pink will be seen on Britain'a roads.

The four-strong team, beaded hy John Konstas, aged 50, "An Australian-born Greek") is starting off modestly. But the potential of the operation is demonstrated by the hacking of the international Transport Development Group which is initially sinking £500,000 into the venture.

The other members of tha team are Mick Egan, 44, wbo was general manager of IPEC Europe; Boh Wales, 46, who resigned from IPEC in May, and Jim Wares, 34, who left IPEC in June.

Konstas readily admits that the basis of express freight, whereby the company guarantees to deliver hy non on the day following collection, is simplicity itself.

"The hard part is the follow-on," he says—demonstrateging to the customer that they can offer reliability and speed at a reasonable price, will be just a littla below what arch rival TNT is charging.

Express freight comprises a small but growing part of the distribution husiness. Konstas estimates It to be worth ahout £200m annually, and that it will double within five years. One major reason for the growth is the tendency of manufacturers and retailers to hold down their stocks—quick deliveries of fashion items, computer software, motor parts, etc are ona way of achieving this.

Another growth factor is the tendency of large companies to contract out part of their distribution that they previously handled themselves.

Going down

Trying to explain the problema facing the accountancy profession Eddie Ray, president of the Institute of Chartered Accountants in England and Wales, called animation to his aid in an after-dinner speech: "If we don't grasp the nettle of computers and Information technology we ahall he like birds oo the hack of a hippopotamus which is sinking in the mud . . ."

Observer

Letters to the Editor

Selling-off British Telecom

From Dr A. Berry

Sir,—The privatisation of British Telecom is proposed by the Government on the argument that private sector management would bring a mixture of competition, efficiency and profitability.

As your feature writers (September 27) show, it is difficult to see how the change in ownership would change the essential nature of the technical network which lies at the operating heart of the telephone system. Further, it is hard to see how the change in ownership would change the technical efficiency of this system and unless prices are raised it is even more difficult to see how the economic efficiency of BT could be changed. As it is, BT is producing approximately £1bn of cash flow and has been prevented by the Government from having access to further investment. Thus even in the private sector BT would be even more cash hungry.

Given that UK domestic private sector companies are consistently poor performers as compared to multinationals, it would, if economic efficiency gains were the point of privatisation, be essential to sell BT *only* to such multinationals, thus ceding domestic control.

The process of privatisation rather gives the political game away. At the risk of stating the obvious, BT as a nationalised industry is actually owned by all of us. For the Government to "sell" all or part of BT is to transfer our collective good to the rich, whether individuals or pension funds or to companies like GEC which happen to have some spare cash. The process of selling is actually a tax levied on real and available investment funds in the private sector. If the Government wishes to stimulate real productive investment it must then make the proceeds immediately available for investment or it must think of ways of investing itself. Unfortunately the Government seems unlikely to do any such thing. It is also quite probable that the suppliers of BT would attempt to buy a substantial holding in BT, a holding which would be an effective vertical integration, in order to stifle competition. It would be sad to witness a further concentration in the UK economy.

If, however, the process of privatisation is a deliberate attempt to get individual citizens involved in the success of BT, the Government might simply issue a proportion of the shares to all citizens, thus ceding control directly and without any need to worry about the cash problems. The citizens (say, 30m of us) would get about £300 each. Of course, the first AGM might be a bit difficult to manage but presumably the individual citizens could make a market and some would take the cash. The individual who "takes the cash" would be exercising directly the choice of what to do with his share, rather than having the Government not only make his/her decision but also run off with his/her money.

One rather negative consequence of such a widely distributed ownership might produce the kind of self-replicating oligarchies which seem to manage the building societies, but it is difficult to argue that the Government's choice of representatives of insurance companies, pension funds and the like would actually improve the management of BT.

It seems, therefore, that on the grounds of real benefit to the whole economy and real private citizen involvement the present proposals for privatisation of BT are in need of some rigorous examination.

(Dr) Anthony J. Berry,
Manchester Business School,
Booth Street West,
Manchester.

The White Paper on roads

From the Leader,
South Yorkshire County Council

Sir,—In your edition of September 28 you quote the new roads White Paper as saying that the abolition of the metropolitan county councils will give new opportunities for tackling the problems of urban transport.

What an extraordinary use of words by the Government. If the metropolitan county councils are abolished the functions of public transport (bus and rail), traffic, highways, overall land use planning and the police as enforcement agency *would be splintered into* probably four different agencies. With different areas and objectives, these agencies will find it impossible to develop between them any effective county-wide strategy. The effect on transport in our major cities will be disastrous.

The other immediate consequences of the abolition of the metropolitan county councils will include a massive disruption in the construction industry in the two or three years surrounding 1986. Half the country's transportation capital investment is handled by the Greater London Council and the metropolitan county councils. The scattering of staff and the re-assessment of programmes by successor authorities will without doubt mean a massive loss of achievement in the road capital programme. Hardly a good start to a new era of solving the conurbations' problems.

Moreover the Government has suggested that 9,000 jobs would be saved by abolition of the counties. Since 96 per cent of our staff are operational, such savings could only come by massive cuts in services. As these are unlikely to be in the areas of police and fire, one can only assume that the Government plans cuts in transport service levels of major dimensions.

May the electorate enquire, too, the Government's plans for environmentally damaging road schemes in our cities? At the moment the electors, through their councillors, prevent such schemes as the South Circular road improvement being forced through in the teeth of proper and justified opposition from those who wish to safeguard the urban environment. When the counties who block such schemes disappear, will the Government not ride roughshod over the defenceless opposition?

Roy Thwaites,
County Hall,
Barnsley, S. Yorks.

A disorientated flock

From Mr N. Button

Sir,—City ornithologists are familiar at this time of the year with the sight of large flocks of starlings congregating in Finsbury Circus, before their southern flight to warmer climes.

Imagine our delight and

Roger Taylor

amusement on Thursday September 29 to find the Square Mile populated by several exotic species more usually found round Greenham Common and Aldermaston. The Greater Spotted Punk and the Flat Footed Dopey Bird were much in evidence. Of greater ornithological interest were several species of parrot, their crests and plumage splendidly iridescent.

From their behaviour, however, it appeared they were confused and disorientated, to the extent they seemed worried about their very survival. Perhaps they should follow the example of the starling and migrate to warmer climes—the Sahara Desert?

N. C. J. Button,
17 Tokenhouse Yard, EC2.

Analysis of the industrial scene

From Mr R. Crum

Sir,—Samuel Brittan's article (September 26) on "How to pick good losers" ends with a call for analysis of the industrial scene, but in a specific context. Why not generalise the call?

I've always found it very odd that for the last thirty years the UK has been faced with recurring crises as a result of industrial problems but there has been no attempt to set up an economic research institute whose raison d'etre was the continual investigation of and commentary on UK industrial performance. At one time one could equate the National Institute with the Treasury, the Centre for Environmental Studies with the DoE, the Health Economics Research Institute at York with the DHSS, and other institutes and bodies with the Department of Trade or Department of Employment. But there has never been any outside critical body that parallels the Department of Industry and the omission is striking.

One could argue that the subject is too vast, academics wouldn't do it and are biased, all the material is already here but it's scattered around, what about Neddy and the CBI? etc. All these points may be true. I still think however, that a critical journal, published from outside the system, containing continuing series on the output, employment, productivity, comparative trade performance, strike records, patents etc of individual industries, with commentary, and with a steady flow of reports in such areas as international comparisons of competitiveness, R & D and patents, trade patterns, use of specialist workers etc, would have been beneficial over the last thirty years. At worst it would have made politicians, industrialists and trade unionists steadily aware of the industrial problems, at best it might have served to give additional notice of problems looming up.

In general we are badly governed and this is partly the result of our lack of outside policy analysis (cf. the arguments for a "British Brookings"). Specifically omitting the outside analysis of industry is perhaps just one example of this, but it would appear to be a highly important mission.

R. E. Crum,
89 Holl Road, Norwich.

The law of one price

From Mr A Mitchell, MP

Sir, — The interests which finance the "Trade Policy Research Centre" must be delighted with Mr Wolf's rejoinder (September 20) to my letter refuting the monetarist "law of one price." Yet if the half-truths and misconceptions in his letter are characteristic I will be delighted to debate the issue with him in my constituency, where people recognise codswallop and see the effect of prolonged overvaluation on fishing and other local industries.

The specious doctrine asserts that a country's price level is pegged to the world price level and must move in line with it. Exchange rate changes cannot, therefore, affect real phenomena such as the trade balance or the terms of trade.

That Mr Wolf should defend this doctrine by referring to international trade in motor-cars only shows that he is living in Thatcher-land. The fact is that the law leaves a whole series of domestic and currency factors out of account and ignores such factors as market manipulation and economies of scale. It is systematically violated by empirical data. On IMF figures internal prices in Japan rose 9.16 times faster than export prices between 1953 and 1980, in Germany the increase was 44 per cent, and in the UK and the U.S. it was, respectively, 11 per cent and minus 14 per cent. The monetarist refurbishment of what was once known as the purchasing-power-parity theory must therefore be codswallop.

Of course, devaluation reduces the relative cost of labour, but this is not a reduction in real wages. The devaluations of 1931 (33 per cent), 1949 (30 per cent) and 1967 (14 per cent) did not reduce real wages, even in conditions of supposedly overfull employment. There is a law of continuous causation based in this case on import-saving and export-led growth. Indeed these factors and the economies of scale they lead to have made continuous causation the basic explanation for the virtuous cycle which has made the exporting industries of Japan and West Germany so strong allowing those countries to hold down prices in their internationally traded goods but not in their domestic sectors.

The converse of the proposition is that exchange appreciation increases the relative cost of labour. The increase in sterling since March is more than three times the Government's norm for pay increases. How then can propagandists of the Right blame organised labour for industry's difficulties? More codswollop.

To Mr Carr (September 21) I would say that what matters is trading profits and not the minutia of rates and tax allowances. Industry has been twice cursed by the ratchet of tight money, high interest rates and a high exchange rate; the leaders of the CBI should tell the country that if they had the real interests of British industry at heart instead of those of finance and distribution which are so strong in their counsels. Indeed they should have advised the electorate in June to vote for Peter Shore's programme. The record shows that industry has always done better under Labour than under the Tories, and it will do better still with cheap money and a competitive pound. Getting Britain back to work must be good for employers as well as employees.

The classic answer to Thatcherism is to be found in the letter which Ricardo wrote to Malthus in 1820, that "if we sell our goods at a high money price and buy foreign goods at a low money price . . . it may well be doubted whether this advantage will not be purchased at many times its value, for to obtain it we must be content with a diminished production of home commodities, with a high price of labour and a low rate of profit." Plus ça change . . .

Austin Mitchell,
House of Commons, SW1

Unitary taxation for the multinationals

From Mr H. Roe

Sir,—I note that Frances Stewart writes (September 22) from the Institute of Commonwealth Studies, Oxford University. Her letter reveals the understandably idealistic though frankly unrealistic approach of the academic to the world in which multinational companies have to operate. Her suggestion that "a consistent system for unitary taxation would improve the climate in which multinational investment takes place" is analogous to a plea for government of the world by the United Nations on the grounds that this would reduce the chances of war. While the climate was improving "in the long term" the multinationals would be bled to death.

Whatever the ideal might be the fact is that the taxation rules which virtually all countries have imposed domestically and which they have negotiated in Double Taxation Agreements with one another for at least the past 50 years have been based on the principle of *separate accounting* and the application of the arms length principle in pricing between controlled companies. This system is approved both by the Organisation for Economic Co-operation and Development and the United Nations—if the former represents the developed nations the latter certainly does not. Having spent 50 years developing and applying this principle it is expecting too much for nations to abandon it for an unrealisable ideal.

The leading protagonists in the movement for unitary tax on a worldwide reporting basis are among the richest countries or political subdivisions in the world (the reference by Ms Stewart to "weak administrations in poor countries" is hardly in point).

Unitary taxation is exploited by these states in an attempt to grab the maximum amount of revenue. It is not a question of resource allocation—merely greed. If separate accounting provides a "better" ie, more profitable result for the State it is promptly substituted as the basis for taxation. Fine words can *justify almost anything.*

The way in which the worldwide reporting basis of unitary taxation is applied in California and other states in the U.S. pays little attention to the facts. All companies under common control are treated as unitary regardless of the nature of the businesses in the various companies in the various parts of the world. The recent Container Corporation decision provides little hope for believing this approach will be changed in the U.S. While it may be true that some multinational groups basically have a single product, eg, motors or computers (though personally I believe that to be far too simplistic) what is certain is that the unitary basis is applied to groups with a wide range of interests and businesses, some of which are not even carried on in the states using this basis of assessment.

The interests of minority shareholders in different companies in a multinational group are ignored completely. Thus a minority shareholder in California could suffer additional taxes as a result of quite different activities in places such as India or Australia. Quite apart from the risk of a minority shareholder suit against the majority under the protective rules in the U.S. the fact is that no multinational group can simply ignore the minority shareholders and directors of subsidiaries which have minorities are legally obliged to operata with their interests in mind.

There is a good deal of rubbish talked about the desire of multinationals to source sales from tax havens. Taxation is a cost and it is taken into account in determining where investment should be made and may subsequently be a factor in determining a source of supply but it will never be the only factor and only rarely will it be a dominating one. Cheap labour, power, raw materials, supplies, etc., will all be equally important. Many developing countries are prepared to persuade multinationals (and domestic companies) to invest locally by way of grants, special prices for services/energy, etc., tax exemptions or export incentives; it would seem perverse to permit profits exempted from tax in the country in which the investment is made to be taxed in some other country in which no sales of the relevant or a related product may even be made.

Pilloried as they are, multinationals have provided and still do provide a tremendous amount of investment and know-how and thus employment in both developed and developing countries. One must question whether it is sensible to burden them with additional taxes based on "factors" determined by individual states to suit their particular interests.

Hugh Roe,
Kelsall House, Bagshot Road,
Sunninghill, Berks.

Industry and Electoral Reform

Hedging bets for the future

By Peter Riddell, Political Editor

A DOZEN of Britain's top industrialists met in London last week for a purpose which would have horrified Mrs Thatcher. They were discussing how to help the Campaign for Fair Votes which aims, by next spring, to obtain more thao 1m signatures for a petition in favour of a proportional representation system of elections in Britain. Few ideas are more anathema to the Prime Minister.

Yet the industrialists at the meeting were not mavericks. The membership of the industrial committee for electoral reform reads like a who's who of the British business establishment. Four are heads of constituent companies in the FT 30 share index. The chairmen of the committee are Lord Caldecote, of Finance for Industry, and Sir Graham Wilkins of Beecham. Other members include Sir Adrian Cadbury of Cadbury Schweppes, Sir Richard Cave of Thorn-EMI, Sir Maurice Laing of John Laing, Sir Leslie Smith of BOC, Sir James Spooner of Morgan Crucible and Sir Ronald McIntosh of APV Holdings.

There is a parallel City committee which includes Sir Robert Clark of Hill Samuel, Mr Ronald Artus of the Prudential and Mr Roger Gibbs of Gerrard and National Discount Company, as well as that veteran of political realignment, Lord Shawcross. Amog other recorded supporters are Mr Nigel Broackes of Trafalgar House and Sir John Sainsbury of Sainsbury's.

This is not a group full of closet supporters of the SDP/Liberal Alliance. The industrial committee includes two former Conservative Cabinet ministers, Lord Carr from the Prudential and Lord Jellicoe from Warburgs. Moreover, several of the companies including Beecham and Cadbury/Schweppes, have recently made sizeable donations to the Tory Party.

Sir Graham Wilkins denies that support for both the Conservatives and electoral reform is contradictory. He believes that the Conservatives are the best party to be in power and that is reflected in Beecham's contribution. But, he says, "you have to be realistic and recognise that the Conservatives will not be in power for ever." Hence business wants to be sure that after a change of government, "we don't get back to violent swings of policy."

Sir Adrian Cadbury admits that this dual support can be

Leading members of the industrial committee for electoral reform: Sir Graham Wilkins (left) and Sir Adrian Cadbury

viewed as backing it both ways. Yet he sees valid business reasons for this attitude. A board may feel that sharp swings of policy are not in the company's interests so support for a balanced electoral system is an insurance against the clock being put back.

This view can be regarded as either sensible business caution or, by Thatcherite zealots, as a typically tepid relic of past attitudes. The members of the industrial committee are almost all associated with the Confederation of British Industry and its approach of avoiding confrontation rather than with the more ideological and free enterprise style of the Institute of Directors.

The two bodies have different roles — the CBI on behalf of industry (especially manufacturing) as a whole and the Institute on behalf of individual directors and owners of companies. But varying attitudes to electoral reform reflect broader differences among industrialists between the traditional consensus and the current conviction styles of politics.

Sir Adrian warns against talking of an overall business view for what tends to reflect the feelings of particular individuals. In some of the members of the industrial committee the drive seems to have come from the personal convictions of the chairmen.

Support for electoral reform appears to be regarded in part in some companies as a respectable long-term hedge against Conservative defeat, but few public groups have been prepared publicly to contribute to the SDP or the Liberals. Alliance business support has come either from the entrepreneurial heads of small or medium-sized groups like Mr Anthony Jacobs of the British School of Motoring (for the Liberals) and Mr Parry Mitchell of United Leasing (for the SDP) or from wealthy individual shareholders like Mr David Sainsbury (for the SDP).

Even where the head of a company is an open supporter of the SDP — as in the case of Mr John Harvey-Jones, the chairman of ICI — the board may hold back. There was a debate within ICI about whether to support electoral reform but the company decided not to take sides.

In general, industrialists' support for electoral reform is pragmatic rather than idealistic. There are few arguments in Britain's boardrooms about the merits of the single transferable vote versus the list system of representation. Sir Adrian, who admits that he is not hooked on a particular system, wants to achieve modest changes—such as, for example, a move towards the French system of double round elections (not in itself proportional), in which those at the bottom of the poll are eliminated after the first ballot.

Paradoxically, this pragmatism may not have helped the campaign since the June 9 general election, despite the large disparity between the share of the votes cast and the distribution of Parliamentary seats. Sir Graham concedes that "if anything industrial support has declined since the election." Mr Roger Gibbs of Gerrard and National admits that he *does not feel as strongly* about electoral reform as he did four years ago. The dominance of Mrs Thatcher has made it seem rather pointless to him at present, though he still believes it is a good principle.

Infuriatingly for the Alliance, the very success of Liberal and SDP candidates in splitting the opposition vote on June 9 has prevented the feared polarisation. A counter-balance may have been created without a change in the electoral system.

The commitment of business supporters will be tested in the New Year when the National Committee for Electoral Reform launches an appeal to raise at least £100,000, roughly half for the fair votes petition. This is small by comparison with donations to the Conservative Party and is needed, according to Mr Richard Holme, the committee's director, to turn what had been an elitist operation into a popular campaign. There are already 350 constituency organisers, predominantly, but not exclusively, Alliance supporters. Mr Holme claims the open backing of 50 Tory MPs, plus 25 supporters (including Mr James Prior and Mr Peter Walker in the Cabinet). At present, there are only a handful of Labour and union supporters, so the public involvement of Mr Gavin Laird of the AUEW is particularly welcome.

Nevertheless, no one expects the campaign to have any immediate effect. Sir Graham believes that all that industry can do is to help on "a modest basis" to get the debate out into the open. Similarly, Sir Adrian talks of a gradual programme to build up concern about the need for change. But, as the debate on proportional representation at next week's Conservative Party conference is likely to show, there will be no response as long as there is a majority Thatcher Government.

FINANCIAL TIMES

Tuesday October 4 1983

CHAD CONFLICT DOMINATES FIRST DAY OF FRANCO-AFRICAN SUMMIT

France pressed to increase aid

BY PAUL BETTS IN VITTEL

PRESIDENT François Mitterrand came under pressure to increase French military aid to Chad at the opening of the 10th summit of French and African heads of state yesterday.

The Chad conflict dominated the first day of the summit here in this French spa resort which has been transformed into n security fortress for the occasion.

Although President Mitterrand has been hoping to use the summit, attended by leaders from 38 African countries, to help find a diplomatic solution to the Chad conflict President Mobutu of Zaire made an unusually strong-worded appeal for France to continue its military aid to President Hissene Habré of Chad.

M Françola Mitterrand

President Hissena Habré

In his opening address President Mitterrand renewed France's commitment to support the economic development of the Third World, and especially Africa. He also warned of the danger of local African conflicts transforming themselves into an East-West confrontation.

"Our problem is to resolve these conflicts and we need patience and comprehension," he said in n reference to the complex Chad conflict. Although supporting President Habré, whose presence has been highly conspicuous throughout this summit, France has continued to maintain contact with Libya, which is backing the Chad rebels, in an attempt to solve the crisis.

But President Habré has, since he arrived in France, been pressing the French to involve themselves even more actively in the struggle against the Libyan-backed rebels.

France's intervention has, so far, succeeded in freezing the situation on the ground in Chad, but the longer the conflict drags on the more delicate its position becomes. Indeed, President Mitterrand appears keen to see a diplomatic advance at the Vittel summit.

France is also using the occasion to renew its support for economic aid to developing countries. President Mitterrand in the opening address yesterday, attacked some major industrialised countries which, he claimed, showed a lack of interest in Third Wnrld economies.

Without naming the U.S. specifically, he attacked countries which were either not increasing or indeed reducing their contributions to international aid agencies, including the International Development Agency, the soft-loan arm of the World Bank.

He again called for major reforms of the International Monetary Fund structures, especially in the case of special drawing rights (SDR) and thet priority should be given to developing countries. He also said France would continne to play its part in aiding developing countries, and was increasing its contributions to the Third World in its 1984 budget.

Despite France's tight 1984 budget, the Government has increased the budget of the Ministry for Aid and Co-operation, by 11 per cent next year to FFr 6.4bn ($801m) compared with FFr 5.8bn this year.

France is understood to be considering making new international proposals to aid developing countries. French diplomatic sources here say that these could include a plan by Western institutions or countries to finance major projects in Africa, including industrial ventures.

Herakles takeover alarms Greek industry

By Andriana Ierodiaconou in Athens

AN ACRIMONIOUS debate on the future of private enterprise in Greece has broken out between the Greek industrialists federation (SEB) and the Socialist Government of Dr Andreas Papandreou. It has been sparked off by the surprise nationalisation two weeks ago of Herakles General Cement Company, a leading Greek cement manufacturer, whose management is being sued for tha alleged illegal export of foreign exchange.

In his first public speech since the Herakles takeover, Mr Theodore Papalexopoulos, president of SEB, accused the Government of the politically motivated persecution of private enterprise. He painted an apocalyptic picture of the future of Greek industry saying that more than three quarters of the country's manufacturing firms are in the red.

"No businessman feels safe from slander. The impression is that nationalisation of all private industry is imminent. This climate destroys all entrepreneurial creativity," Mr Papalexopoulos said. Ha was referring to extensive press speculation that the Government was planning more lawsuits and nationalisation in the paper manufacturing and textile sectors. The Government has not denied these reports.

According to Mr Papalexopoulos, the financial statements of 2,180 out of n total of 3,200 manufacturing companies published up to the end of August show that in 1982 industrial losses exceeded profits for the first time in the post-war era. The SEB president said figures showed that the profits of companies in the black in 1981 had fallen by 24 per cent in 1982, while the losses of those in the red had more than doubled and productivity had fallen by n record 5 per cent.

Mr Papalexopoulos said the Government's flamboyant handling of the Herakles case had "wiped out" all chance of progress in 1983. He blamed the Government for trying to keep unemployment down at the expense of productivity and for unclear investment legislation.

The gauntlet was picked up by Dr Papandreou in a widely publicised speech to the Cabinet in which he warned industrialists in turn that they could not expect the continued support of state banks unless they invested some nf their own capital. Hn also indicated that the Government intended to press ahead with its crusade against economic corruption, undaunted by criticism over the Herakles case.

The debate signalled the end of an extended truce between the Greek industrialists and the Socialists, who came to power in 1981, saying that they did not believe in extensive nationalisation. As recently as early September, Dr Papandreou had said that restoring investment confidence was n primary aim of his Government.

THE LEX COLUMN

Panning gold in the markets

In electing to make yesterday D-Day, the Bank of England caught everyone on the hop. Neither the discount nor the gilt-edged market was expecting intervention rates to be cut on n day when sterling was weak all round, the money supply numbers from the U.S. looked discouraging and the Vauxhall workers were flexing their muscles. The Bank, however, moves in mysterious ways. It had presumably spent the weekend crunching out the UK money supply figures for banking September, which will certainly now be good enough to bring sterling M3 back within target, and wondering if the softly, softly message of the past fortnight had sunk home. In that respect, at least, it has succeeded. The shape of the yield curve at the short end of the gilt-edged market reflects the belief that a further base rate cut is a long way off.

Gold

Gold generally thrives on bad news, and leaps on any sign of weakness in the U.S. dollar. Yet in recent weeks the bullion market has pointedly ignored the anxiety-value of everything from problems in the Middle East to banking worries in Hong Kong, while yesterday's slippage in the dollar was accompanied by a $10 crack in the price of gold, which ended in London at $391¾ – its lowest for a year.

In retrospect, however, it is surprising that the price has held up so well for so long. Speculative buying over the summer has focused on the September pick-up in buying for fabrication which has been observed in each of the last eight years. But this year, despite n much higher level of Krugerrand sales than in September 1982, physical offtake has been disappointing; sales to the important Italian jewellery trade are said to be running at about 40 per cent of the rate seen two years ago.

Supply from official sources is also probably flowing more freely than the speculators reckoned. Central banks in debtor countries have been, perhaps, rather predictable net sellers this year, but the prevalence of swap agreements might bave been interpreted more quickly as a sign of weakness in the market.

It remains a puzzle, however, that the market chose this particular moment to drop through the chartists' $400 barrier, with which it had been flirting for a fortnight or so. The onset of relative calm in Beirut, and the liquidation of old long positions in the Comex silver market over the weekend have been variously cited. The fall was accelerated yesterday by stop-loss selling in London.

As for mining shares, although they have come down by more than a quarter since their historic peak six weeks ago, they still look rather exposed. Current share prices – even after yesterday's fall of nearly 7 per cent in the FT Gold Mines index – seem to be discounting a significantly higher gold price.

Britoil

Structuring the debt of a British nil exploration and production company is no easy matter. Almost all its revenues are generated in dollars, leaving cash flow exposed if the assets are financed in sterling and the profit-and-loss account vulnerable if borrowings are denominated in dollars.

Like Lasmo, Britoil has opted to take possible translation losses in the revenue account on the chin and fund in dollars. Over the past fortnight, it has reinforced this strategy by restructuring its foreign-currency debt. Britoil has put $125m of its dollar borrowings on to a fixed-rate, medium-term basis through a seven-year Eurobond which, in its enthusiasm to win a name in the market, the company has slightly underpriced.

Yesterday, it wheeled out plans to raise up to $150m in the U.S. commercial paper market, which should shave the cost of its floating-rate borrowings. To qualify for this advantage, Britoil has gained the highest credit ranking from the U.S. rating agencies. In the debt markets, at least, the company has arrived.

Currys

The scale of Currys' continuing shop relocation programme, besides yielding n book profit of £3m on property sales in the latest half-year to July, also gives n hint of its aggressive retailing stance. Another strong trading performance has seen sales volume grow by about 10 per cent in existing shops, with a further 4 to 5 per cent from additional selling space.

This has rested on far more than another strong period for video sales. White goods have raced ahead, with useful price increases in this department making the biggest contribution towards a 4 per cent year-on-year price rise across the whole range. All this has been achieved with n firm control on overheads and has produced pre-tax profits of £6.4m before the property gain, up from £3.4m on sales up by over 19 per cent at £149m.

The pre-tax line has been struck as usual after the deferral of profits accrued but not yet received under credit arrangements. This year's deferrals look like adding perhaps £12m to £13m to thn £11m deferred in 1982-83, all of it underpinning Currys' profit outlook for the next few years. Meanwhiln, Currys has seen sales falter a little in August – corroborating yesterday's dull August retail sales figures – but they have revived in September, and profits of £20m still look feasible for the year.

Brussels sets out priorities

By John Wyles in Luxembourg

THE EUROPEAN Commission has spelled out for EEC governments four priority areas for action which it claims would improve the international competitiveness of European companies.

In a new communication to the Council nf Ministers, the Commission urges early adoption of proposals for developing the European Monetary System, for strengthening the internal market and removing nbstacles to intra-EEC trade, for encouraging co-operation in research and development and new advanced technologies and for the pursuit of greater energy policy co-operation.

A statement of Commission priorities had been sought by the Council as part of its attempt to assemble n package of agreements by the Athens summit in December involving not only financial reform but also policy developments aiming at economic regeneration and closing the technological gap between the EEC, the U.S. and Japan.

In most areas, the Commission believes that its past proposals – some dating back ten years – are the required recipe. But it has filled in somn gaps by devising approaches to greater co-operation in biotechnology and telecommunications.

On the economic and monetary front, the Commission says that the EMS must be strengthened as a "zone of monetary stability." First priority here is a request for national governments to pass the necessary laws which would commonly recognise the European currency unit as a convertible currency.

The Commission also wants the Athens summit to relaunch the process aiming at greater integration of financial markets and to take fresh initiatives towards international economic and monetary co-operation.

Progress on the internal market must be a priority, the Commission says, because the summit in Copenhagen last December called for agreements by the end of April which have largely not mnterialised. The credibility of such high-level commitments is now at stake.

Governments are asked to review their technical standards and norms by the end of next March as thn first step towards establishing equivalent measures between member states.

At the same time, the Athens summit is asked to recognise tha need for Community standards in the development of new products.

Existing policies and programmes for research and development co-operation must be adequately funded and expanded.

Central banks delay decision on $6bn IMF loan - Pöhl

BY JOHN DAVIES IN FRANKFURT

CENTRAL BANKERS have still not taken a final decision on a proposal for a $6bn loan for the International Monetary Fund, Herr Karl Otto Pöhl, president of the West German Bundesbank, said yesterday.

He said that central bankers from the main industrial countries would discuss the proposal again at a routine meeting of the Bank for International Settlements in Basle at the beginning of next month.

He could not make any forecast about what might be decided at the meeting, he said.

Herr Pöhl, who is chairman of the Group of Ten central bankers, has been concerned for some time to stress that central banks are by no means committed to the idea of an IMF loan in present circumstances.

The $6bn loan would he to tide the IMF over a shortfall in its own resources. The loan would be split equally between Saudi Arabia and a group of industrial countries.

Some central bankers are understood to be concerned that agreement at this stagn would take some pressure off the U.S. Congress to ratify an increase in IMF quotas.

Central bankers were reported last week to have given a private assurance to Mr Jacques de Larosière, managing director of the IMF, that they would go ahead with n loan.

As a result of the assurance, the IMF's board of directors was expected to come under pressure to lift n recent embargo on new lending to debtor countries.

Mr de Larosière had indicated earlier that no new commitments would he agreed until be could he more certain of the scale of financial support from industrial countries.

Swedish businessmen in protest

BY KEVIN DONE IN STOCKHOLM

MORE THAN 20,000 Swedish businessmen, led by some of the country's leading industrialists, are taking to the streets in Stockholm today in nne of the biggest demonstrations ever seen in Sweden.

The business community, led by senior executives from companies such as Volvo, Atlas-Copco, SKF and Electrolux, is protesting against government plans to introduce wage-earner funds, a controversial scheme for extending the trades unions' influence in Swedish business.

The funds, which have been the subject of intense debate for the past eight years, are aimed at increasing the influence of trades unions in corporate decision-making and are based on direct shareholdings financed from a new tax on company profits.

The demonstration has been planned to coincide with the ceremonial opening today of the Riksdag, the Swedish parliament. A Bill proposing the establishment of the fund is expected to be laid before parliament in November and the first funds might be in operation early next year.

The scheme is currently the most divisive issue in Swedish politics, and is overshadowing the wider debate about economic policy. The Government is facing serious obstacles to its attempts to lower inflation and to bring the growth in the budget deficit under control.

Faced with rising unemployment, the Government has still to show its will to tackle the problems of bloated state spending. Plans for lower pensions increases and measures to introduce savings have run into stiff opposiłinn.

The squeeze on state spending is also creating a growing crisis for the Swedish armed forces, which claim that restrictive spending is threatening to impair seriously the effectiveness of the country's defence.

The lack of funds is also threatening to jeopardise the financing of the marginal income tax reform agreed by the Social Democrats in opposition with the Centre and Liberal parties.

Negotiations on financing the tax reform are in disarray, partly because the centre-right are refusing to co-operate with the Government as long as it persists with its plans for wage-earner funds.

The funds are considered by the business community and the non-Socialist parties as another step on the road to socialism in Sweden. The three centre-right parties have promised to repeal legislation

Without support from the Liberals or the Centre Party, the minority Social Democratic Government is dependent on Communist support to push the wage-earner issue through parliament.

Metal prices fall sharply in London

Continued from Page 1

reporting week, which would normally indicete higher interest rates and a stronger U.S. currency.

A view being expressed in the foreign exchange market, however, is that the money supply remains within its target range set by the Federal Reserve Board. The U.S. index of leading indicators fell by 0.1 per cent in August, suggesting that the economic recovery may be tailing off. This means there is less risk of upwards pressure on interest rates being caused by competition for finance between private sector borrowers and the U.S. government.

The falling bullion price was mirrored in the price of gold-mining shares on the London stock market. Yesterday the FT Gold Mines index dropped by almost 7 per cent to 541.6, and it has now retreated more than 25 per cent from its August peak.

John Edwards writes: The decline in gold also helped bring heavy losses in other London metal markets yesterday.

Free market platinum lost the premium it established over gold in May. It dropped by $19.75 to $388.5 an ounce. The London bullion spot price for silver was marked down by 52.9p to 698.20p an ounce, making a loss of over 180p in the past month.

Copper led a general decline in base metal prices on the London Metal Exchange. Higher grade cash copper tumbled by £35.75 to £954.75 a tonne – the lowest point for nine months and a loss of £120 in the past four weeks.

Cash aluminium dropped by £24.5 to £1,034.5 a tonne, and cash nickel by £180 to £2,935 a tonne.

Traders are at n loss to explain the sudden loss of confidence that has triggered off heavy speculative selling. The build-up in surplus stocks of copper and silver recently has reinforced fears that the recovery in industrial demand is only patchy and is not helping these metals much.

Creusot-Loire restructuring

Continued from Page 1

Banks are undertaking to refinance existing debt and to grant fresh subordinated loans for n total of FFr 2bn. Schneider SA owns 55 per cent of the holding company which has a 50 per cent stake in Creusot-Loire and is to give guarantees for part of the subordinated loans. It will also subscribe to n capital increase of a maximum FFr 720m.

Additionally Creusot-Loire is to launch a convertible bond issue, taking the total increase in its capital resources to FFr 1.2bn.

The CEA, which already has important industrial activities, mainly in its operations regarding the uranium fuel cycle, said the funds needed to increase its Framatome stake would come out of commercial profits, not from budgetary allocations.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	24	75	Dubrovnik	S	21	70	Malaga	—	—	—	Salzburg	F	20	68
Algarve	S	25	77	Faro	S	26	79	Malta	S	25	77	Seoul	S	20	68
Algiers	S	27	81	Florence	S	24	75	Manila	C	33	91	Singapore	S	31	88
Amsterdam	C	18	64	Frankfurt	R	17	63	Miami	C	30	86	Stockholm	C	10	50
Athens	S	20	68	Funchal	S	24	75	Milan	S	21	70	Strasbourg	C	22	72
Bahrain	S	35	95	Geneva	S	26	79	Moscow	F	8	46	Sydney	S	17	63
Bangkok	S	32	90	Gibraltar	F	25	77	Munich	F	20	68	Taipei	S	33	81
Barcelona	S	25	77	Guernsey	C	16	61	Nairobi	C	27	81	Tangier	—	—	—
Beirut	F	28	82	Helsinki	S	9	48	Naples	S	24	75	Tehran	—	—	—
Belgrade	F	11	63	H. Kong	R	18	64	New Delhi	C	35	95	Tel Aviv	F	28	82
Berlin	C	18	64	Innsbruck	S	21	70	New York	C	23	73	Tenerife	C	25	77
Biarritz	S	30	86	Inverness	F	17	63	Nice	S	23	73	Tokyo	C	27	81
Blackpool	F	17	63	Istanbul	S	17	63	Oporto	S	26	79	Toronto	C	21	70
Bordeaux	S	26	79	Jersey	S	19	66	Oslo	C	9	48	Tunis	F	24	75
Brussels	S	23	73	Jo'burg	S	30	86	Paris	F	23	73	Valencia	C	26	79
Budapest	—	—	—	Las Palmas	S	26	79	Prague	S	19	66	Venice	S	19	66
B. Aires	S	23	73	Lima	F	20	68	Reykjavik	C	11	52	Vienna	C	18	64
Cairo	S	29	84	Lisbon	S	26	79	Rio de J'o	S	25	77	Warsaw	C	13	55
Cape Town	S	15	59	Locarno	S	28	82	Rome	S	23	73	Zurich	S	19	66
Caracas	C	29	84	London	C	19	66								
Casablanca	—	—	—	Los Angeles	S	26	79								
Copenhagen	C	15	59	Luxembourg	F	19	66								
Corfu	S	24	75	Madrid	S	26	79								
Dublin	F	18	64	Majorca	S	26	79								

Readings at mid-day yesterday:
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Kinnock seeks deal

Continued from Page 1

refers to the unconditional removal of all nuclear weapons, including Polaris missiles, from Britain.

The union will almost certainly not agree to remit the motion for further discussion, which Mr Kinnock wants because of his desire to retain flexibility on this issue.

Thn centre-right is concerned that this and other motions on defence are incompatible with Britain's membership of Nato. They favour the words used by the national executive committee, which talks of putting Polaris into the current arms negotiations. Mr Hattersley said last night that "Labour was n Nato party."

The far left, however, is determined to defend existing policies. The detailed breakdown nf the voting figures for the leadership and deputy leadership show that the far left has made gains among the new Labour MPs returned to the House of Commons at the June general nlection.

A further indication of the new balance within the party will come this morning with the announcement of the results of the national executive committee elections. The far left was last night confident of at least three gains, although it is unlikely that the centre left will lose the balance of power

Motorola in Europe move

By Jason Crisp in London

MOTOROLA, the U.S. electronics group, is making a bid to enter the European data-processing and office-automation market directly, for the first time.

The company is to spend at least $50m establishing n European market for its Information Systems Group over the next three to five years. The new group will take on nearly 200 staff this year.

Subsidiaries are being set up in the UK, France, Italy, West Germany, Belgium, Sweden and Holland.

Published by The Financial Times (Europe) Ltd., Frankfurt Branch, represented by G.T.S. Damer, Frankfurt/Main, A.V. Hare, R.A.F. McClean, M.C. Gorman, B.A. Lawrence, D.E.P. Palmer, London, as members of the Board of Directors. Printer: Frankfurter Societäts-Druckerei GmbH, Frankfurt/Main. Responsible editor: David Boggis, Frankfurt/Main.

SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday October 4 1983

Poulenc 'unlikely to improve in results'

By David Marsh in Paris

RHÔNE-POULENC, France's nationalised chemicals group, expects no significant improvement in its results for the second half of 1983, which continue to be weighed down by losses in synthetic textiles and difficulties with its Brazilian operations.

The company, which made net losses of FFr 79m ($9.88m) in the first half after a deficit of FFr 844m in 1982, was, however, performing satisfactorily in its main-line chemicals – agro-products and health – where it had "nothing to be ashamed about," M Loïk le Floch-Prigent, chairman, said yesterday.

He was speaking at a press meeting called to give details of a recent series of joint-venture accords concluded in Japan, where Rhône-Poulenc has one of the strongest presences of any French industrial group.

Rhône-Poulenc now has collaboration agreements with Japanese companies covering five key market sectors: agro-chemicals, pharmaceuticals, films, silicones and polyamid resins. The Japanese companies involved are Showa Denko, Chugai, Tyoso, Dai Nippon Ink and Mitsui Petrochemicals. The agreement with Mitsui, covering specialised polyamid resines for use in the electrical industry and precision engineering sectors, was concluded by M le Floch during a visit to Japan in August.

He emphasised that Japan – the world's second largest chemical market – was an "essential" area for Rhône-Poulenc to attack. One of the group's main failings up to now has been its inability to gain footholds on important markets abroad, principally in the U.S. and West Germany.

In addition to its joint ventures – which are nearly all 50-50 operations with Japanese companies – Rhône-Poulenc's own subsidiary in Japan has turnover of about FFr 600m a year, making it one of the biggest French subsidiaries there, along with those of Pechiney and L'Air Liquide.

Commenting on other parts of the group's Asian business, he said he planned to travel to China before the end of the year to discuss building up commercial sales.

German cartel allegations

By Leslie Colitt in Berlin

THE WEST GERMAN Cartel office has told Grundig and Telefunken, the electronic equipment manufacturers, that their distribution systems violate a ban on price-fixing and that they must be altered.

According to the office, Grundig's "depot" system and Telefunken's "agency" system obligate the trade to sell the companies' products at uniform prices throughout West Germany and not to offer customers discounts or other rebates. If a retailer's price differs from the fixed one it is threatened with a cut off of deliveries, the office said. The companies said they would appeal against the ruling.

KN Energy turns down Mesa bid

By Our Financial Staff

MESA PETROLEUM, the independent Texas oil company headed by Mr T. Boone Pickens Jr, has been rebuffed in its attempt to take over KN Energy, a Colorado-based gas pipeline company, for $466m.

In a letter to shareholders, KN Energy said its advisers had concluded the offer was inadequate. The board plans to spin off into a new holding company the two main oil and gas exploration subsidiaries, Midlands Gas and Excelsior Oil.

Gordon Cramb in New York examines the rash of offers for a West Coast steel concern

Kaiser's hidden assets tempt suitors

MR J. A. FRATES, of Tulsa, Oklahoma, whose second try at a leveraged buy-out proposal for Kaiser Steel won board approval last Friday, is the latest in a line of investors who have emerged in the last few years to bid for the large but ailing west coast U.S. steel concern.

The revised offer involves the half-dozen member group led by Mr Frates in no significant cash outlay. Instead, they have secured a $100m five-year term loan from Citibank of New York, while the remainder of the $363m or more needed to buy out Kaiser's existing shareholders will come in the form of a preferred stock issue.

The 7.267m shareholders will receive $22 per share in cash with the redemption value of one share each in two new series of Kaiser preferred, bringing the total to $50.

This eclipses a previously agreed bid from another investors' group headed by Mr Irwin Jacobs, the Minnesota entrepreneur, which was valued at some $270m. The first Frates approach had matched this, but Kaiser at that stage chose not to exercise the escape clause which would have allowed it to break off with Mr Jacobs.

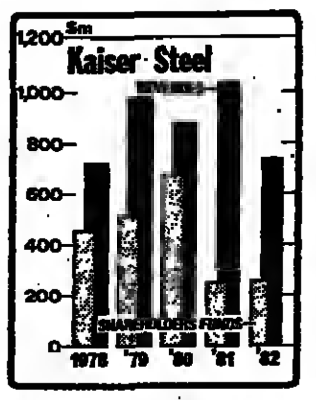
This time, though, Kaiser has pledged to shun any further suitors until a shareholders' meeting in November.

This would block any overtures from a further group led by Mr Ivan Boesky of New York, who is known usually as a speculator in takeover candidates but may have had further-reaching designs on Kaiser. Last week his group lifted its stake to some 7.6 per cent.

The Jacobs holding was last put at around 16.3 per cent, while the Frates team until now has held none at all. In submitting the revised offer, however, it said it would buy 250,000 shares in the market "to demonstrate its commitment."

Mr Frates runs a Tulsa-based private investment management group, Frates Enterprises, which is not involved in the Kaiser proposal. The separate Frates group, which has been eyeing Kaiser for more than a year, also includes Mr Howard Samuels, a former U.S. Under-Secretary for Commerce, who has been drafted in as managerial adviser.

The procession of bidders has been almost as numerous as Kaiser's boardroom changes as the company's metamorphosis from a family-run enterprise took it through a series of wrangles. Since 1980 this has seen Mr Edgar Kaiser – grandson of the founder – first threaten to liquidate the company, then step down as chairman, go on to rally dissident shareholders, and later act as consultant to the company's employees in their abortive moves



to take the loss-making main steel mill off the company's hands.

Talks on funding a workers' buy-out were said at one stage to have involved the British Steel Corporation (BSC), although this was denied from London.

With Mr Kaiser for the moment off the scene, the renewed interest by leverage operators has come at a time of somewhat frenzied readjustments as the U.S. steel industry attempts to get in shape for a business revival. Republic Steel's prospective absorption into LTV is one further manifestation, and U.S. Steel's thwarted hopes of being permitted to import "swapped" BSC slabs for finishing can be read as another.

At stake for the Kaiser suitors is the company's sizeable hoard of assets, any of which are regarded by outsiders as inadequately reflected on the balance sheet.

These include some 900m tonnes of high-grade coal in Utah and New Mexico, recoverable at 2.5m tonnes a year, which serve to put Kaiser's recent operating losses on steel some way in the shade.

The bidders and the company have all taken the view that Kaiser can no longer hope to make steel profitably, and the rundown of the Fontana works in California must soon be completed. But both Mr Frates and Mr Jacobs have insisted that they intend to keep other areas of its business as a going concern rather than engage merely in asset amputation.

In addition to coal, a fabricated steel products division supplies the growing offshore oil exploration industry on the Pacific Seaboard as well as making components for defence and aerospace projects, including the U.S. space shuttle.

A peculiarity of the Kaiser board's preliminary accord with Mr Frates, meanwhile, is that stockholders will receive a lower cash element than under his group's original proposal, which would have provided $27.50 in cash against the current plan for $22. Mr Jacobs had coma forward with a cash component of only $19.50.

Tha sticking point for the steel group on the first Frates bid, however, appeared mainly to be time, along with uncertainty that his team would be able to raise the loan. Mr Stephen Girard, who rose through the ranks to become Kaiser chairman in 1981, said the proposal would take "several weeks longer" to conclude.

Clock-watching of this order often suggests a looming liquidity squeeze in some form. But the Kaiser balance sheet – for all its modest understatements of assets – presents substantially more solid an outlook than the profit and loss account, and only $20m of long-term debt payments fall due this year.

First-half net losses reported last month reached $17.6m against year earlier earnings restated at $15.6m. Tax credits from a rundown of inventories assisted the 1982 figures.

But just as the balance sheet obscures buried treasures, so it makes only hazy allowance for twin bequests of the Kaiser family era in the form of generous pension and medical benefits for employees, which are seen as being funded in no structured way.

Mr Elliot Schneider, of Gruntal and Co, a small but long-established Wall Street broking firm, has been monitoring Kaiser for 16 years. He points out thet these liabilities have, in fact, been put to the test by the large-scale redundancies of the last few years as Fontana heads for an inventory exhaustion only a month or so away. Payments have not shown up as anough of a drain to rob the company of all allure, he maintains.

More of an issue, he says, is the lack of use made of what cash Kaiser has. Dividends on the common shares were suspended in 1979 and have not seen the light of day since then. The creation of stock options has since been serving merely to sap the shares' value, while Kaiser's directors have have never taken any significant stake in the business themselves.

Kaiser is saying nothing in response ahead of a resolution of the company's ownership. The outfiald remains filled with former suitors, asset salesmen and speculators – a list which includes Mr Ivan Boesky and Mr Stanley Hiller of New York, and Mr Paul Kalmanovitz of California, as well as Mr Jacobs, while the company's Employees' Stock Ownership Plan (ESOP) also still keeps an eye on developments.

The days of the Hiller offers, which in February last year reached $55.25 a share, seem long gone.

Canadian Shell to raise C$290m

By Nicholas Hirst in Toronto

SHELL CANADA, part of the Royal Dutch Shell group, is to raise C$290m (U.S.$235.3m) by a new issue on its class A common shares.

Some C$62m will be raised through a public issue on the Canadian stock markets and the balance will be subscribed by Shell Investments, Shell Canada's direct holding company, to maintain the Royal Dutch Shell group's present equity interest at 78.7 per cent. Shell Investments holds all Shell Canada's B shares.

The company intends to use the money to finance its large capital and exploration programme and to pay some short-term debt.

Last December, Shell Canada raised U.S.$125m in debentures due in 1992 on European markets. Since then it has continued to raise money to finance its capital spending programme through short-term commercial paper.

Shell Canada is building a C$338m petrochemical plant and a C$1.4bn refinery in Alberta, and is expanding a refinery and developing a coal mine in British Columbia.

The new issue follows a wave of equity financing in Canada totalling more than C$5bn over the first nine months of the year, topping the C$3.1bn raised in the whole of 1981.

Volvo steps in at STC with SKr 400m rescue

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

VOLVO, SWEDEN's largest industrial corporation, has been forced to step in and rescue the financially troubled STC Scandinavian Trading Company, one of the world's largest independent oil-trading companies, with the injection of SKr 400m ($51.3m) in new equity and subordinated loans.

STC, owned 55 per cent by Volvo, is continuing to run up heavy losses both in oil trading and in oil and gas exploration and production in the U.S.

The company announced last night that it had been forced to turn to Volvo, its majority shareholder, for assistance in order to ensure its continuing credit-worthiness. It is expected to run up an accumulated loss for the year of SKr 325bn to SKr 375m. Last year it made an operating loss of SKr 15m on a turnover of SKr 33.5bn.

Volvo has clearly lost patience with the STC management, which has been surrounded by scandals for much of the year, and both Mr Anders Wall, chairman, and Mr Tedde Jeansson, managing director, are giving up their posts.

Earlier this year STC came within a hair's breadth of being dismissed from the Stockholm Stock Exchange, when it became clear that it had failed to report serious losses from its oil trading operations when it was floated on the Swedish stock market in February.

In place of suspension STC was fined SKr 550,000 by the stock exchange authorities.

STC said yesterday Mr Anders Wall was giving up his post in response to Volvo's increased financial commitment to the company. He is to be replaced by Mr Ulf Liden, executive vice-president of Volvo.

Mr Wall, the controversial Swedish financier, who also stepped down as chairman of Volvo earlier this year, will remain on the STC board.

Mr Pehr Gyllenhammar, chairman and chief executive of Volvo, is leaving the STC board following Volvo's heavy injection of capital in order to have a more independent voice to better represent Volvo shareholders' interests.

The continuing financial controversy surrounding STC is a great embarrassment for Mr Gyllenhammar and the Volvo board.

It said then that it considered STC's losses to be "non-recurring in nature" and that STC was "a very sound and well-organised company." Mr Tedde Jeansson is now to resign as managing director but will remain on the STC board.

The new capital from Volvo is coming in the form of a temporary increase in STC's equity by SKr 200m from the current level of SKr 279m in the form of an issue of preference shares. In addition Volvo is providing a SKr 200m subordinated loan at 12 per cent interest, which STC is supposed to pay back through the sale of assets by the end of 1985.

As part of a far-reaching restructuring STC is seeking to sell its troubled Scandrill subsidiary in the U.S., which is involved in oil and gas exploration and production. The financial subsidiary, STC Finans, could be disposed of and STC is to concentrate in the future chiefly on trading and commercial transactions.

Hoechst expects profits boost

BY JOHN DAVIES IN FRANKFURT

HOECHST, the West German chemicals group, expects a healthy boost in profits this year, although results will depend on efforts to raise prices during the next three months.

Professor Rolf Sammet, the chief executive, said that raw material costs had been rising again for some time and could not be offset by gains through stepping up the scale of production.

In the first half of this year, Hoechst lifted its worldwide pre-tax profits by 44.1 per cent to DM 804m ($305.7m), while the parent company's pre-tax earnings went up 24.4 per cent to DM 454m.

Although he said profits for the year were certain to be ahead, Professor Sammet declined to forecast their size or the extent of a "possible dividend increase."

He estimated, however, that group worldwide sales revenue would rise this year by 4.5 per cent to about DM 36.5bn and parent company revenue would increase by about 3 per cent to DM 12.75bn.

Hoechst's sizeable profits recovery in the first half came from only a modest increase in sales revenue. Group sales worldwide rose 1.2 per cent to DM 18.4bn, while parent company sales edged up 0.4 per cent to DM 6.4bn.

Hoechst – along with the other big chemical companies, BASF and Bayer – suffered a dismal setback last year. All three companies cut their dividend, in Hoechst's case from DM 7 to DM 5.50 per DM 50 share.

However, the West German chemical industry has bounced back strongly this year, with a revival in demand for many basic products.

Professor Sammet said that man-mada fibres and plastics were among product areas where sales were performing relatively well, although prices were below those of a year ago.

Electrolux to sell U.S. subsidiary

By Our Nordic Correspondent

ELECTROLUX, the Swedish household appliance group, is pulling out of air conditioning equipment manufacturing in the U.S. It is selling one of its U.S. subsidiaries, Emerson Quiet Kool, to an investment group, Alrob Corporation, for around SKr 400m ($51.2m).

The company, based in Woodbridge, New Jersey, has an annual turnover of soma SKr 500m, but Electrolux has been dissatisfied with its profitability for sometime.

Electrolux has already disposed of several other subsidiaries this year as part of a corporate restructuring.

Italcementi plans issues for major capital boost

BY JAMES BUXTON IN ROME

ITALCEMENTI, the cement producer owned by the Italian financier Sig Carlo Pesenti, is to treble its capital by means of scrip and rights issues. They are designed to bring some income to Italmobiliare, the financially troubled parent company of Italcementi, without its needing to put up funds itself.

Italcementi's capital will rise in two tranches from L40bn ($25.1m), where it has remained since 1973, to L120bn. The first tranche worth L40bn will consist of the issue of free shares to existing shareholders. The second L40bn will be raised by the issue of new savings shares on a rights basis, with each L5,000bn share being offered at a premium of L2,500bn on a one-for-one basis.

The rights issue, if approved by shareholders, will bring L60bn of new funds to Italcementi, which in the first half of this year had sales of L459bn. It should have no difficulty selling the new shares, since they are to be pitched at only about a fifth of the current quotation of Italcementi savings shares.

Italmobiliare, which owns half of Italcementi, and is heavily in debt, will benefit from the sale of its rights to shares in the Italcementi offer. Since the shares being offered under the rights issue are savings shares which do not carry voting rights, Italmobiliare's control of Italcementi will not be diminished and it will not need to buy them itself.

Bombardier in venture talks with Alco

By Robert Gibbens in Montreal

BOMBARDIER, the Montreal-based transport equipment group, is having preliminary talks with Alco Power Inc, a U.S. subsidiary of the General Electric Company of Britain (GEC), with a view to forming a joint venture out of their depressed diesel-engine businesses.

Alco was acquired by GEC in 1977 from White Motor.

Bombardier acquired its rail and diesel division as part of MLW Industries in 1970. MLW was, and Bombardier remains, a licensee of Alco in manufacturing medium-speed diesels, mainly for locomotives.

Alco and Bombardier have both suffered from a slump in diesel sales in the past year or so. Alco has cut capacity and imposed some short-time working. Bombardier's Montreal plant has been closed for the past 3½ months.

Bombardier said the two companies were complementary in both products and markets. Alco is strong in the U.S. and Latin America; Bombardier in other Third World markets.

Bombardier claims to have developed an improved version of Alco rail diesels in the past five years, with a better power-to-weight ratio and using electronic systems.

The talks concern the "economic and legal feasibility" of merging the two rail diesel operations. A Canadian corporation would be formed in which each party would hold shares in proportion to the value of the assets contributed, and have the right to raise its interest to a maximum of 50 per cent by contributing cash.

Bombardier's rail and diesel products division had sales of $138m in 1982. It is expected to show a loss this year. GEC does not publish Alco's results separately.

Heineken plans joint venture

By Our Financial Staff

HEINEKEN, the Dutch brewer, is planning to set up a joint holding company with Brasseries et Glacières Internationales (BGI), of France to manage both companies' French activities. A draft plan has been submitted for French Ministry approval, but Heineken said yesterday that division of the new joint company's shares has not yet been decided.

The companies will jointly spend an unspecified amount on modernisation of BGI's seven and Heineken's two breweries in France. Their combined share of the French market currently stands at 25 per cent. Heineken sells 1.7m hectolitres of beer a year and BGI 4.5m.

BGI's operating companies – Pelforth and Union Brasseries – together with Heineken France will continue as independent companies.

INTL. COMPANIES and FINANCE

Bernard Simon reports on the South African fertiliser industry

Drought sows seeds of discontent

RECENT EVENTS in South Africa's fertiliser industry have the makings ef a tragic farce.

Sunday newspaper readers have been entertained with juicy details of a gloves-off battle between Triomf, the country's biggest fertiliser group, and one of its smallest competitors, Hanhill. The more staid companies in the industry are trying to look the other way, hoping that soaking summer rains will soon staunch their mounting losses, now running et eeveral million rand a month.

Industrial espionage and evidence ebtained by phone taps are among the charges which have transformed smouldering personal animosities between Triomf and Hanhill executives inte a blazing public row. To add spice to the saga, two of the principal actors are well-known former rugby stars.

These goings-on hava been spurred by savage competition in the fertiliser industry, which is suffering an unprecedented slump in demand caused by the worst drought in living memery and the overall downturn in the South African economy.

Mothballed

Sales of "plant food," the industry term for nitrogen, potasium and phosphates, were 30 per cent lower in the first eight months of this year than the 500,000m tonnes sold in January-August 1982. Even if good rains fall in the next few months, demand for the whola of 1983 will be between 10 per cent and 15 per cent below last year's volumes.

Sales are only about half the producers' monthly capacity of 840,000 tonnes. AECI, South Africa's largest chemicals group in which ICI has a 40 per cent stake, recently mothballed an ammonia plant south of Durban with an annual capacity of 180,000 tonnes. Fedmis, the fertiliser arm of the Sentrachem group, has closed two of its three phosphoric acid plants. It is rumoured that Triomf will soon wind down eperations at its Richards Bay phosphoric ecid factory, which has been hit by dwindling export demand.

Despite these closures, prodncers are still sitting on mountains of stock — a further burden to their balance sheets.

According to ene fertiliser expert, Fedmis is the enly producer with a positive cash flow at present, partly because of its timely action in closing underutilised plant and partly because it has been able to sell raw materials to less depressed sectors, such as the cement and animal feed industries.

Triomf has not consolidated results of its unlisted manufacturing subsidiary for the past two years (though it will do so again soon). But stockbrokers estimate that operating losses ran to around R10m ($9.1m) in the six months to June 30.

Hanhill recently reported R2.4m pre-tax loss for the year to June, an AECI ascribed a 20 per cent plunge in overall trading income for the first six menths of 1983 mainly to slack demand for agricultural nitrogen, a key raw material in fertilser manufacture.

The local industry's plight has been aggravated by a controversial maize-fer-urea barter deal between South African maize farmers and Romania. "It's a diabolical mess," says ene industry insider of the transaction, which has had ripple effects far beyond the fertiliser companies.

The 208,000 tonnes of urea imported from Romania is roughly equal to one year's output from a mothballed AECI plant. The plastics industry is upset et losing e sale of 6m bags for locally produced urea. Te cap it all, much of the imported material has hardened in the bags and has had to be recycled by AECI.

Perturbed

The existing producers are much more perturbed by the impendinfg entry of a new—and more permamant—competitor in the form of the eil-from-coal group Sasol, which bas already begun retailing small quantities of fertiliser but will becoma e real force when the Sasol Three plant reaches full productien next year. Tha synthetic fuel plants produce fertiliser raw materials as a by-product.

Sasol has supplied nitrogenous materisl to fertiliser producers, mainly Fedmis and AECI (which sells some of its purchases on to Triomf), for years. But under the terms of an agreement with AECI, it has stayed out of the retail market.

The agreement applies only to Sasol One. Construction of the second and third oil-from-coal plants has thus given Sasol an opening to become a retailer too. It is now putting the finishing touches to a R100m fertiliser processing factory close to its new synfuel plants.

Sasol's facility will have a capacity of about 600,000m tonnes a year, equal to between 15 and 20 per cent ef projected demand for ammonia. Its competitors are bound to lose business. Triomf has an estimated 45 per cent of the consumer market. Fedmis 35 per cent and Omnia, which is helping Sasol with its initial foray into the retail market, has just over 10 per cent.

AECI is not in the domestic retail business, but has a 49 per cent stake in Triomf's operating subsidiary. Mr Chris von Solms, AECI's director in charge of fertilisers, asserts that "what's good for Triomf in the market has got to be good for us."

Both AECI and Triomf are enmeshed in legal proceedings to try to keep Sasol at bay. AECI claims that Sasol One has breached its agreement to keep out of the retail market, although no such contract exists with Sasol Three. The AECI/Sasol dispute is going to arbitration.

Triomf has failed to obtain a court order barring Sasol from the retail market. Triomf alleges that AECI's contract with Sasol applies to it too, because of the links between AECI and Triomf. But Mr Louis Luyt, Triomf's chairman, now threatens to bring a suit against AECI. He claims that AECI has broken an unwritten agreement with Triomf obliging it to keep Sasol out of retailing in return for Triomf buying Sasol nitrogen from AECI.

There is no pointer yet how these wrangles will end. They will almost certainly be quickly forgotten when demand comes closer to the industry's capacity. Meanwhile, industry gossip suggests that Sasol's competitors-to-be are looking at ether ways to spike its guns. "It's going to be Sasol versus the rest," predicts one executive.

Air NZ shows midway operating profit

BY DAI HAWYARD IN WELLINGTON

AIR NEW ZEALAND earned a NZ$10m (US$6.5m) operating profit fer the first six months of the financial year to September 30, making a NZ$38m turn around from last year's NZ$28m operating loss for the six months. International passenger traffic increased by 9 per cent on international flights and by 5 per cent on domestic services.

In the full financial year to March 31 Air New Zealand slashed its eperating losses by NZ$57m from NZ$89m the previous year, to leave it with a NZ$32m operating loss. However, by selling surplus aircraft and gaining tax credits, the airline finished the year with an overall net profit of NZ$33m.

Announcing the results, Mr Norman Geary, the chief executive, said: "Wa were over staffed, lacked a sense of commercial purpose and in some ways we were not professional enough. Not so now." Mr Geary said some foreign airlines were still experiencing the serious troubles Air NZ had been through, and he warned that some might not survive.

Air New Zealand announced it was increasing its share holding in the Mount Cook group, the country's largest independent airline, to 45 per cent from 15 per cent. Mount Cook is also heavily involved in tourist operatiens.

The deal, which involves the transfer of 1.9m ordinary shares and 722,000 preference shares, will cost Air NZ NZ$10m.

Mr Geary said the Mount Cook group would remain in its present ferm in every respect, but a combined effort will be made to increase inbound tourism.

Air New Zealand acquired the extra shares from the NZ South British group in the face of opposition from TNL, another majer tourist and travel company.

The deal still has to be approved by the Examiner of Commercial Practices.

Hongkong Land sells office

HONG KONG — Hongkong Land, the colony's largest real estate concern, has completed the sale of an office building in Honolulu for US$59.6m in cash.

Buyer of the 337,000 square feet Davies Pacific Center was VMS Realty Partners of Chicago.

The sale is timely and could well be followed by more where Hongkong Land can find buyers for its properties. The company reported last Thursday a net loss fer the first half ef 1983 of HK$107m (US$13m) after writing off HK$430m fer the fall in value ef developments.

The company has said on several occasions that ena of its major goals this year is reducing debt. It has sold off ether major assets where buyers could be found.

AP-DJ

Philippines can project dropped

AMERICAN CAN, one of the biggest U.S. tin can producers, is to drop a US$50m project in the Philippines, writes **Emilia Tageza in Manila.**

American Can formed a joint venture with United Coconut Planters Banks (UCPB), one of the biggest local banks, to manufacture lead-free tin cans for beer, beverage and processed food.

Pick 'n Pay lifts sales by 23%

BY OUR JOHANNESBURG CORRESPONDENT

PICK 'N PAY, the fast-growing South African supermarket chain, adopted a highly aggressive marketing strategy in the six months ended August. As a result, first-half turnover of R696m ($632m) was 23 per cent higher than the R566m of the corresponding period of 1982.

The strategy of boosting turnover during an economic recession was based on narrower margins. As a result first-half trading profit before tax rose by only 14.6 per cent to R19.6m from R17.1m. In tha year ended February 28 1983 turnover was R1.23bn and pre-tax profit R48.1m.

The retail food trade is becoming increasingly competitive. Mr Raymond Ackerman, chairman, has said he is willing to accept still narrower margins as a means of improving his market share. According to a market survey, the company has increased its share of the country's total retail trade from 3 per cent to 6 per cent in the past seven years. Mr Ackerman points eut that the group's share is much larger if food items alone are taken into account.

The group's 10th hypermarket is due te be opened in November and three more supermarkets are scheduled to be opened in the current half year. This will raise the total number of supermarkets managed by the chain to almost 70.

First-half earnings have increased to 57.1 cents a share from 49.6 cents and the interim dividend has been raised to 16.5 cents a share from 14 cents. Earnings for the year were 141 cents a share, and tetal dividend 61 cents.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Start-ups: a look at the survivors

BY TIM DICKSON

AT WHAT STAGE are new businesses most likely to fail? Policymakers, bankers and fund managers are among the many interested parties ever eager to find an answer to this question, though to date their efforts to do so heve been dogged by the lack of adequate data.

The table (right) may contain some significant new clues. Extrapolated from a tabla in the August 12 edition of British Business, the Department of Trade and Industry's own magazine, it is based on all those businesses which have been registered for VAT since January 1974. It confirms the widely beld belief thot firms are most vulnerabla in the first three years after "birth" and that in this period the highest annual percentage failure rates occur. More important, though, it illustrates very graphically that among those that do survive the early traumas, the subsequent annual failure rate is much, much smaller.

The figures and conclusions of the August 12 article, written by the economist in the small firms division of the DTI, Pom Ganguly, are based on an analysis of businesses registering and deregistering for VAT between April 1973 and the end of 1982. "Births" are derived from businesses that register and "deaths" from those that deregister. While VAT statistics are far from perfect—businesses, for example, can deregisier voluntarily if their turnover falls below £17,000 and they are not required to register until sales are over £18,000—

BUSINESSES REGISTERED FOR VAT BETWEEN 1974-82

Year	Number of businesses		Percentage of number Failures	Survivors	Survivors/failures ratio
1	1,400,777	(100)	10	90	9:1
2	1,255,357	(90)	13	87	6.7:1
3	1,097,410	(78)	10	90	9:1
4	990,560	(71)	7	93	13½:1
5	924,342	(66)	4	96	24:1
6	884,326	(63)	3	97	32½:1
7	859,625	(61)	2	98	49:1
8	845,687	(60)	1	99	99:1
9	839,132	(60)	0.2	99.8	500:1
10	837,377	(60)	—	—	—

Source: Department of Trade & Industry

they probably provide as comprehensive a samnle of full time traders in the UK as could be expected given the formidable difficulties of collecting such information on a systematic basis and keeping it up to date. (For full details of the data see British Business August 12 1983.)

The main conclusion of the August article was that, on average, about 40 per cent to 45 per cent of businesses registering for VAT in any one year are likely to survive for a minimum of 10 years. (This included an estimate of 1973 figures, not included bere.) Tha table takes that exercise further by pinpointing tha ratio of failures to survivors for businesses of a certain age (from one to 10 years).

Thus, the third and fourth columns show that 10 per cent of 3-year-old businesses went under whereas as many as 98 per cent of seven-year-old businesses continued to survive. Earlier work by Ganguly has suggested that, of *all* businesses, around 10 per cent will fail, year in, year out.

The implication of the findings for fund managers is clear. Most investment portfolios comprise a cross-section of business types—in different sectors and locations and in different stages of their life cycles. The objective of such a spread is to balance risk. If the failure rate among these investments sbould become unusually high one remedial step could be to study the mix between mature and young business in the portfolio and adjust it accordingly.

The greater risks associated with businesses at an early stage of development arguably highlight where the bulk of advice and public sector support sucb as the Loan Guarantee Scheme should be targeted (though little evidence yet exists that such an approach is commercially cost effective). The table, meanwhile, also bears out the claims of venture capitalists who argue that handholding and active management participation by investors may be in their own self interest.

What the table does not indicate, of course, is size of business numbers employed or relative growth potential (rewards as well as risks are high in tha early years). The point has not been lost on the banks thet mature businesses — whose capital base is often adequate to provide the requisite security —are safer lending propositions than start-ups.

As Ganguly implied in an earlier article, and as Government policy is designed to demonstrate, investors surely cannot afford to ignore the riskier end of the spectrum. "With a large proportion of the industrial and commercial base needing replacing each year attention not unnaturally focuses on the question of who is best able to provide the replacements. The notion that small firms rather than the larger ones are better able to go on continuously providing the businesses of the future lies at tha heart of the ergument about this country's poorer economic performance. The higher rates of innovation, the greater the chance of success; and the more active the small firms section, the greater the chances of achieving higher rates of innovation."

In brief . . .

CENTREWAY TRUST, the publicly quoted Birmingham-based industrial holding company, is the latest to launch a Business Expansion Scheme fund. In a thinly disguised sidewipe at some of the competition the promoters maintain that the fund "is being run by professional and successful businessmen able to recognise potential ahead of the City." Not surprisingly, in view of recent criticisms, they also draw attention to the absence of any initial charge and the fact that interest earned on uninvested cash will be credited to investors' accounts. (Most other fund managers keep the interest.)

Centreway, however, will charge investee companies a commitment fee (not more than 10 per cent, plus VAT) and "the larger part of this fee will be reflected in the subscription price paid for the shares of the company."

●

CHEAP EUROPEAN loans of £15,000 to £250,000 over eight years will now be available throughout the UK from Barclays Bank as well as the Industrial and Commercial Finance Corporation, Midland and National Westminster banks. The loans currently cost 11-11¼ per cent fixed and are provided by the European Investment Bank in co-operation with the Department of Trade and Industry. Small and medium sized borrowers can apply for up to 50 per cent of capital expenditure projects.

●

THE PROBLEM of small companies in peripheral regions were highlighted last week.

Gerry Joyce, a fish processor in the West of Ireland, told delegates at a conference to mark the 1983 year of Small and Medium Sized Enterprises (SMEs) and craft industries that it cost him £90 per tonne to get his product to the German market, compared with £30 per tonne for a Danish rival. He made a strong plea for an EEC transport subsidy for member states with high transport costs.

Other speakers at the conference in Galway—as peripheral a region as any—criticised Irish governments for failing to create a climate favourable to small businesses. Complaints concerned VAT an imports at point of entry, the state of the roads, poor telecommunications and high energy costs.

Other delegates, however, pinned some of the blame on companies themselves, citing inadequate use of international fairs and Irish Export Board facilities.

Edward Haughey, of Norbrook Laboratories in Northern Ireland, thought southern firms weak on design —a box made from the best stainless steel, for example, might well turn out to have handles fixed with inferior rivets.

There was general agreement that Irish firms do not have a quality image and that fareign customers have to be persuaded to try Irish products.

Philips joins the venture capital ranks

BY WALTER ELLIS

PHILIPS of Eindhoven, the giant Dutch electricals group, bas just launched a major initiative to get new companies off the ground and into the market-place. Philips, whose partner in the project is the Nederlandsche Middenstandsbank (NMB), is thus set to join Olivetti of Italy which earlier this summer (see Management Page, August 9) claimed to be the only major European industrial group involved in venture capital.

Philips will provide business acumen, laboratory facilities and technical advice whila NMB —the fourth largest Dutch commercial bank—will put up the money. The two together will vet all applicants and the administrative costs will be split down the middle.

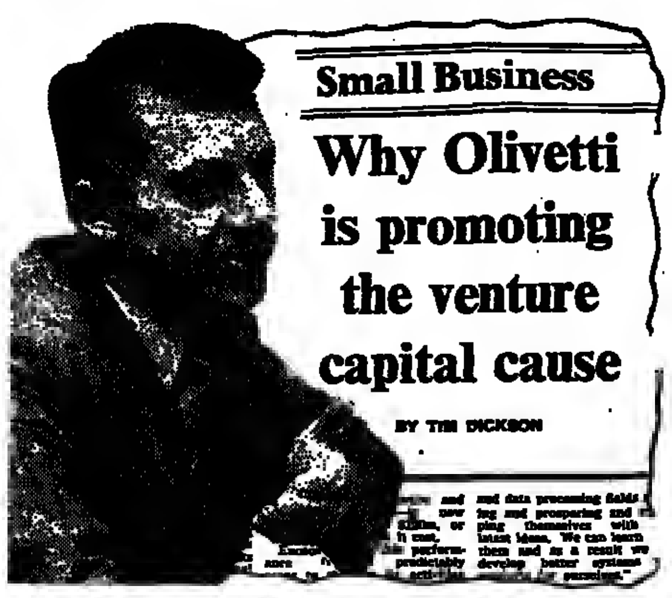
Philips is in no doubt about why it wants to get involved. Leo van Eijnatten, director of Nederlandse Philips Bedrijven, the Dutch domestic division of Philips, says that, with an economic recession in full cry, people turn to large corporations to help get things moving again.

"It is our duty to do what we can. Also, of course, there is an element of self-interest. Philips needs a sound economic climate for its own development and it is beneficial to all if we in some way stimulate Dutch business activity. The improvement of technology generally means more opportunities for our sub-contractors."

Philips spends some Fl 2.7bn (£600m) annually on goods from around 10,000 small Dutch suppliers, and van Eijnatten believes that the best support be can offer to a company is his custom. To build up the quality and the quantity of reliable suppliers, especially in new fields, however, a little additional help may be required. He makes it plain that venture capital and other assistance to small companies is still seen primarily from "a clear-cut business perspective."

Talking of small company technology generally, Dr Wisse Dekker, Philips' chairman, has an equally pragmatic approach. "We are dealing with the pbenomenon of small, high technology companies in two different ways," be explains. "One is that all the time we are on the lookont for smaller companies developing interesting ideas, but which have problems bringing them to the market.

"A good example is our text-editing equipment—word processors. A few years ago we collaborated with a small—at the time a very small—Canadian company, Micros, which is now a pretty big company with a reasonable share of tha U.S. market.



Leo van Eijnatten: "In recession, people turn to large corporations to get things moving again"

"The other way in whicb a big company can contribute is by actually encouraging a smaller company to develop faster. People in a smaller company are dedicated and can often be a lot quicker. Whether you approach it from the point of view of acquisition or from tha standpoint that the smaller company should be helped develop a technology, tha result should be to tha benefit of both. If the smaller company has a good technology, there is no reason why a hig company should not take over that technology or make an agreement with the smaller company to make use of that technology."

Is there not a danger in this approach of snuffing out a small company's vitality? "You have to be very careful," admits Dekker. "Generally speaking, when a higger company takes an equity stake in a smaller one the smaller company loses its independence together with many of the inherent benefits. Co-operation is better through licensing agreements, or maybe by financing certain developments. Acquisitions of smaller companies are more often the result of leck of sufficient funds to develop than because they are desirable."

Dekker's last remarks contain the key to the new Philips-NMB scheme. Takeovers and direct exploitation are not what either backer has in mind. Van Eijnatten stresses the point: "Wa want to safeguard tha integrity of Philips. We don't want to take over another man's ideas. If there is ever a conflict of interest, we will advise the man to take his project to a third party for further development."

Cees Valk, director of the small and medium-sized business service of the NMB—a directorate with a staff of 30—is also concerned to point out that no one is seeking to hijack other people's genius. "Greet caution," he says, "will be exercised by the NMB-Philips foundetion over the ownership of ideas. Any patents developed would be held by the companies themselves and, if for sale, could he offered to all interested parties."

The idea is that the new foundation, with members drawn from Philips and the NMB, will evaluate applications from small companies—low and medium-tech, as well as high. Companies whose ideas are considered viable will be offered development funds and financial guidance from the bank and both technical facilities and marketing assistance by Philips.

The fact that small companies will have access to the famous Philips research laboratories is certainly appealing. But, according to van Eijnatten, the problems of new entrepreneurs are largely in the administrative, business and sales area. A study by the Dutch economics ministry confirms this view, stating that problems of technology are low on the list of difficulties facing new businessmen in the Netherlands. "The barriers that a young starter has to break through are business and sales. Quality control and marketing are two of the most important skills to be acquired, as well as an understanding of money.

"This is why we chose to work with NMB," says van Eijnatten. "They have the best know-bow in this area, plus the facilities and the experience. After all, they have been in this business since 1927."

Valk returns the compliment. "We bave more experience than Philips in aiding entrepreneurs from scratch. But Philips is prepared to go back to basics and use its vast technical and development expertise to aid small companies."

Like Philips, NMB is not going to the trouble of helping set np a new foundation for purely philanthropic reasons. Although it does not require foundation clients to accept funding only from the NMB, it obviously wants business. It wants clients. And the small businesses of today could turn out to be the giants of tomorrow — or at least solid employers with respectable results.

Valk and his colleagues all have experience of helping start-ups and of administering various other schemes, including a highly successful small business centre in Almere, north-east of Amsterdam. Philips, too has previously invested in little companies with interesting ideas, having last year helped set up a computer-based company in The Hague following the closure of one of its own subsidiaries there, Philips Data Systems.

UK COMPANY NEWS

Currys surges ahead to £9.4m after six months

PRE-TAX profits of Currys Group, retailer of domestic electrical appliances, surged ahead from £3.89m to £9.36m for the six months to July 27, 1983. Turnover, excluding VAT, rose by £24.1m to £149.47m.

The result included a much higher surplus of £3m (£0.51m) on property sales, but was after charging an increase from £0.38m to £2.39m in the provision for unmatured profit on credit trading. Interest payments rose from £312,000 to £877,000.

After tax of £2.4m, against an adjusted £1.3m, earnings per 25p share jumped from 5.5p to 14.9p. The net interim dividend is being raised from 1p to 1.4p, although this is partly to reduce disparity. Last year, a total of 6.75p was paid on taxable profits of £15.06m (£11.27m).

On *prospects for the rest of* the current year, the directors say that after a lull in August, overall sales in September have been running ahead of last year and if this increase can be maintained, they expect to announce satisfactory results for the 12 months.

They caution however, that it will be difficult to make significant increases on the very good sales figures achieved in the second half of last year. In addition, the restrictive effect of the higher prices resulting from the EEC/Japan agreement *in* relation to video recorders has led to customer resistance.

Reviewing the first six months, the directors say that following the excellent results of the second half of last year, the substantial improvement in business, stemming largely from the relaxation of HP and rental controls in July 1982 continued and was widely spread throughout the merchandise range.

Both HP and rental have continued to grow throughout the period, and both are major contributors to the level of profit achieved.

The continuing increase in HP balances has resulted in a further sizeable transfer to the provision for unmatured profit on credit trading.

During recent months the company has increased considerably its rate of acquisition of new shops. A large proportion of these are replacement units for existing Currys shops which it subsequently disposed of, the proceeds going towards the cost of the new acquisitions.

Because many of the old units are held on books at very low historic prices, this often results in a major part of the proceeds being described as profit. In real terms the inflationary content of such gains cannot be viewed in this category, the directors point out.

See Lex

A.B. Electronic up £1.54m

ON TURNOVER up from £25.69m to £39.38m the AB Electronic Products Group pushed its pre-tax profits up to £2.84m for the year to June 30 1983, an advance of £1.54m over 1981-82.

The directors continue to view the future with confidence as scheduled by new work, particularly in automotive and defence. They point out that electronics will make an increasing contribution to the results from 1984-85 *when demand in other sectors* might level off.

Capital expenditure during the year increased to £2.6m and will rise sharply during the current 12 months. The directors say that with improving profitability and gearing at only 13 per cent the group's existing borrowing facilities are adequate for foreseeable requirements.

Meanwhile, a final dividend of 9p (5p) lifts the total for 1982-83 by 4.5p to 12p net per 25p share. A scrip issue on a two-for-one basis is also proposed.

At the operating level profits totalled £3.12m (£1.74m) before interest charges of £281,000, compared with £432,000.

Earnings emerged at 46p (22.4p adjusted) basic and at 44p (21.4p adjusted) fully diluted after tax of £745,000 (£400,000).

The group's subsidiary at Camberley and the Isle of Wight increased their sales by 43 per cent and those in Germany and Austria increased theirs by 36 per cent and 20 per cent respectively. The new venture in Austria is now profitable.

In Wales, the connector business grew by 47 per cent, and the continuing market successes of the Acorn microcomputer range, especially the BBC micro, led to considerable expansion.

To improve penetration in Europe, a marketing subsidiary has been set up in France and agreement in principle has been reached to acquire Salcbow Elektronik AB which has represented the group in Sweden for over 30 years.

During the past year, additional premises were occupied at Camberley and Rogerstone (Gwent).

Negotiations are proceeding for another new factory at Rogerstone for systems work and a factory near Pontypridd for the manufacture of cable and satellite TV equipment. Group employment rose by about 400, mainly in South Wales.

Glossop down as interest costs double

FINANCE charges at Glossop more than doubled in the 1982-83 first half, offsetting a 20 per cent improvement in trading profits. At the pre-tax level the surplus fell from £419,000 to £402,000 for the six months to the end of July. Turnover of this building contractor expanded from £11.87m to £15.93m.

Trading profits rose from £522,000 to £616,000 but interest costs increased sharply from £103,000 to £214,000.

The net interim dividend is held at 1.576p—in the last full year a total of 5.08p was paid. Earnings per 5p share for the six months are shown as increasing from 4.4p to 4.6p.

They propose to extend the current accounting period to 18 months ending on July 31 1984, and envisage that a second interim dividend will be paid.

Funds from disposals, such as Metrotect which resulted in net profits of £420,000, shown as an extraordinary credit, will be made available for acquisitions.

After the extraordinary credit, and tax of £70,000 (£196,000) the attributable balance was considerably improved from £223,000 to £752,000.

Bilton up £0.47m as margins increase

ON TURNOVER reduced from £12.77m to £10.1m Percy Bilton, the property investment and development and civil engineering group, raised its pre-tax profits by £473,000 to £4.74m for the first six months of 1983.

Growth in investment income was in line with expectations and the trading divisions maintained their contribution to profits in an uncertain market—margins were increased on reduced turnover.

As revealed in the 1982 annual report the group will not be seeking unprofitable turnover.

First half earnings emerged at 6.8p (6.2p) per 25p share and the net interim dividend is being stepped up by 0.2p to 3.7p—a final of 6.1p was paid for 1982 when taxable profits amounted to £9.32m.

The interim report reveals that holders of accumulation shares are entitled to a dividend of 0.1p plus a scrip issue calculated in accordance with the articles of association.

Tax for the half year took £2.21m (£1.94m) and extraordinary debits £84,000 (nil).

In May this year property development group Trust Securities made a £107m bid for Percy Bilton but with only an acceptance of 0.01 per cent the offer was allowed to lapse.

Stylo improves

A reduction in pre-tax losses is reported by Stylo, footwear retailer, for the 26 weeks to July 30 1983. The deficit is down from £682,000 to £583,000 on sales ahead from £21.49m to £23.9m.

At the end of the last full year pre-tax profits of £770,000 (£824,000) were produced and the directors said they were able to recoup all losses in the second half after a disastrous first six months. They viewed the future with more confidence than for some time.

For the 26 weeks pre-tax losses were struck after higher depreciation of £511,000 (£436,000). Debenture mortgage and loan interest came to £79,000 (£81,000) and bank interest was reduced from £451,000 to £405,000.

Rugby Cement lower but interim up

A £0.86M REDUCTION in overseas profitability left Rugby Portland Cement with lower overall pre-tax profits of £10.71m for the first half of 1983, against *£11.27m last time. The net in*terim dividend, however, is being improved from 2.6p to 2.7p per 25p share. Last year, a total of 5.5p was paid from record £23.55m profits.

First-half turnover fell slightly from £81.79m to £80.17m, with the overseas contribution down from £15.29m to £12.67m. The fall in overseas profits—from £3.18m to £2.32m—reflects *the devaluation of the Australian* dollar and lower demand for cement from the depressed building and construction industry in Western Australia.

UK profits were marginally higher at £8.09m (£8m). The group's UK cement side benefited from modestly higher sales tonnages and continuing cost reduction exercises. However, its improved contribution was partially offset by results of Rom River, which made a small loss in difficult circumstances.

A further deterioration is expected from Rom River in the second six months. But strenuous action is being taken to improve its position as Rom adjusts to the changing market conditions for its products, particularly concrete accessories in the overseas markets.

However, the increase in Rom River's loss is expected to be more than offset by an improvement in overseas profits due to modestly higher sales in Western Australia and the favourable seasonal swing in the contribution from associated companies.

Elsewhere, the Parmelia Hotel continued with its steady progress in the six months.

Group trading profits for the period dropped from £11.18m to £10.41m. Interest received and investment income added £2.01m (£2.17m), but interest paid took £1.59m (£1.97m) and there was a share of associates' losses of £125,000 (£116,000).

Tax charge was little changed at £3.27m (£3.29m) and after deducting minority interests of £120,000 (£168,000), attributable profits fell from £7.81m to £7.32m. Earnings per share slipped from 6.5p to 6.1p. The interim dividend absorbs £3.24m (£3.12m).

Current cost pre-tax profits were £7.2m (£7.1m).

● comment

Rugby Cement cocked a snook at its UK competitors and surprised the market by increasing its UK turnover and profits in the first six months to June, through improved efficiency and gaining market share. That is in spite of the continuing problems at Rom River which Rugby expects to have in hand in time for the steel reinforcement business to contribute a small profit next financial year. Western Australia, having come to terms with the sudden severe depression will get a boost in the second half from the lime market linked to the buoyant aluminium industry and a continuing inflation linked contribution from the Parmelia Hotel. The U.S. associate companies have experienced a pick up in demand, 6 per cent up on last year, which should come through quite dramatically in the seasonally better second half. Rugby might just manage to match last years pre-tax profits of £22.5m and can then look forward to a cement price rise in the spring. A total dividend for the year of 5.7p net is on the cards which gives a prospective yield of over 5 per cent on the shares up ½p at 101p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
A.B. Electronic		9	—	5	12	7.5
Percy Bilton	int	3.7	—	3.5	—	9.6
Clarke Nickolls	int	2	—	1.75	—	5
Comfort Hotels	int	0.22	—	0.2	—	0.65
Currys	int	1.4	—	1	—	6.75
FII Group		3.71	—	3.5	5.25	5.04
Foseco Minsep	int	2.65	Jan 3	2.65	—	7
Freemans	int	1.9	Dec. 6	1.9	—	4.15
Glossop	int	1.58	Dec. 2	1.58	—	5.08
Goodwin		0.54	—	0.54	0.54	0.54
Lamont	*int*	0.5†	*Dec. 5*	0.4	—	1.3
Lister		0.1	Jan. 20	0.1	0.1	0.1
Molins	int	2.2	Nov. 29	2.2	—	7.9
Rugby Cement	int	2.7	Jan. 3	2.6	—	5.5
Strikes Restaurants	int	0.5‡	—	—	—	—
TR Pacific	int	1	Oct. 20	1.75§	—	2.75

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock.
§ Including special 0.75p.

Freemans advances to £4.6m at midterm

A FASTER than expected improvement in profits has been *produced* by *Freemans, the mail* order group, in the 28 weeks to August 13 1983. Pre-tax figures increased from £3.15m to £4.57m, on slightly higher turnover, net of VAT, of £143.79m, against £142.98m.

The main reason for the profits increase has been a sharp fall in the bad debt charge, not anticipated before the autumn. Borrowings at the interim *stage* showed a significant reduction from the figure at *the beginning of the year.*

Trading profits improved from £4.65m to £5.72m, before charging interest of £1.15m (£1.5m). After tax £1.15m higher at £2.33m, earnings per 25p share rose by 0.4p to 3.2p.

The net interim dividend is maintained at 1.9p per share—the final last time was 2.25p.

Sales caught up with the level of the previous year at the very end of the period. The directors say it had to be expected that *the strong and positive action* taken against uneconomic agencies, slow paying customers and potential bad debt would make any sales increase difficult to obtain.

● comment

Freeman's profits recovery is coming through faster than expected. On the basis of these results the full year should reach £9¼m pre-tax. Yet the upturn owes little to any fundamental improvement in trading conditions which remain as sluggish as ever. Freemans never discloses its bad debts but it is clear that virtually all this profits increase is thanks to lower provisions. It is part and parcel of the company's tougher line towards its agencies. Freemans has been weeding out uneconomic agents and refusing new orders to doubtful ones. That action has also reduced working capital requirements, hence the fall in interest charges. However it has been at some small cost to market share which probably fell from over 12 to nearer 11½ per cent. Freemans is dipping its toe into the profitable area of direct mail order, a tentative approach that follows a more committed attitude by Grattan. For the present the sector as a whole looks short of devotees and while a yield of 7.8 per cent at 78p could nudge the price upwards it don't go far before it starts hitting some institutional selling.

Harvard Securities full listing

Harvard Securities, the licensed dealer, is planning to seek a full listing on the London stock exchange. The board is meeting tomorrow to appoint a merchant banker which it wants to act on its behalf for the flotation.

Harvard has said that at the end of its financial year at September 30 it expected to achieve a pre-tax profit of between £1.1m and £1.2m. Mr Tom Wilmot, managing director, said yesterday that in the current year he expected profits to be around £2m.

Mr Wilmot said that a full listing was "a natural step." He said that his board would be reviewing which merchant bank to appoint for the flotation of the group's shares but added "it will also depend on who will have us."

Mr Wilmot, and the group's chairman, *Mr M. J. Glickman*, each hold 45 per cent of the equity while another director, Mr J. P. Casey holds 10 per cent.

Harvard Securities has 25,000 non-discretionary clients for which it acts and has for some time been active in the small over the counter market.

At one time Harvard was locked in dispute with the Stock Exchange over the Exchange's refusal to enter Harvard on a special list of professional dealers which receive large discounts on normal dealing rates. It sued the Stock Exchange for restraint of trade.

However, in July last year the Stock Exchange and Harvard settled their differences out of court when the Stock Exchange agreed to drop its surveillance of Harvard's share dealings.

The Stock Exchange indicated yesterday that there would be no opposition to Harvard if it satisfied all the listing requirements.

Lamont confident with midway profit over £0.6m

WITH ALL sections making their contribution and continuing to show signs of activity "which have been absent from the industrial scene for quite a few years," Lamont Holdings has shown substantial growth in the half year ended June 30 1983.

Turnover has advanced by 174 per cent, from £4.89m to £13.39m, and pre-tax profit has shot up by 297 per cent, from £154,000 to £612,000. The rise in turnover is attributed largely to the acquisition of Moygashel, the textile group, in January.

The directors view the future with confidence and, in particular, the remainder of the present year. "Longer term prospects for growth, however, must be related to overall economic conditions," they emphasise.

Earnings have jumped from 0.96p to 3.14p, and the interim dividend is lifted to 0.5p (0.4p) per share. In 1982 the company paid a total of 1.3p from a pre-tax profit of £568,000.

After tax £39,000 (£24,000) and minority losses £2,000 (£5,000), the net attributable profit came out at £575,000 (£135,000). The interim dividend, on increased capital, absorbs £91,000 (£55,000).

The group's activities are in textile manufacturing, product engineering, life assurance, and property development and management

Dwek in profit

A return to profitability has been achieved by Dwek Group, the PVC sheeting and household goods concern, in the first half of 1983. Profits for the period came out at £33,000, as against a £59,000 loss last time, and turnover rose from £5.39m to £6.45m.

The directors report that on present indications this trend should be maintained for the rest of 1983. Pre-tax loss for 1982 totalled £72,263 (£57,813 profit).

There was again no tax for the half year and earnings per 10p share were 0.39p, compared with an 0.7p deficit.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on *last year's timetable.*

TODAY

Interims—British Syphon Industries, Cape Industries, Christies International, Clifford's Dairies, Elbar Industrial, Sears, Watts, Blake, Bearne.

Finals—A. Beckman, Arthur Bell, James Halstead, Raine Industries, Somportex.

FUTURE DATES

Interims—	
Advance Services	Oct 25
Anchor Chemical	Oct 20
Debenhams	Oct 7
Empire Stores (Bradford)	Oct 13
Fogarty	Oct 12
Lee Cooper	Oct 14
Microlease	Oct 10
Miller (F.) Textiles	Oct 7
Minster Assets	Oct 10
Siddall (William)	Oct 10
Tranwood	Oct 5
Turriff	Oct 7
Walker (C. and W.)	Oct 7
Finals—	
CPU Computers	Oct 12
Insurance Corp. of Ireland	Oct 7
London and Strathclyde Trust	Oct 11
Lyles (S.)	Oct 10
Photo-Me International	Oct 13
Sanderson Murray and Elder	Oct 7

J J & D FROST
(Proprietor Bremar Trust PLC)
UNAUDITED INTERIM STATEMENT FOR THE SIX MONTHS ENDED 30th JUNE 1983

		9 months ended 31.12.82 £	6 months ended 30.6.82 £	6 months ended 30.6.83 £
Turnover		34,350,570	n/a	25,943,257
Consolidated Operating Profit	+34.5%	407,525	301,243	405,229
Exceptional Item		(50,000)	(50,000)	—
Profit Before Taxation	+61.3%	357,525	251,243	405,229
Taxation		(154,504)	(116,366)	(151,887)
Profit After Taxation	+87.8%	203,021	134,877	253,342
Extraordinary Item		—	—	(82,037)
Minority Interests		(88,129)	(65,009)	(68,512)
Profit Available For Ordinary Shareholders		114,892	69,868	102,793
Interim Dividend 1.0p (1.5p for nine months to 31st December 1982)		(77,428)	(77,428)	(71,819)
Retained Profit		37,464	(7,560)	30,974
Earnings Per Share Calculated on 5,161,870 Shares in issue		2.23p	1.35p	3.58p

1. The Directors have pleasure in declaring an interim dividend of 1p per ordinary share payable on 15th November 1983.
2. The extraordinary item represents the estimated costs of a proposed acquisition not proceeded with.
3. As announced, shareholders will shortly be receiving a circular detailing the proposed change of name of the company to J. J. & D. Frost plc.

BIDS AND DEALS

Norcros takes 19.6% stake in UBM

BY RAY MAUGHAN

Norcros, the industriel bolding company, camo back stroogly ioto the merket for shares in UBM Group, the builders merchant for which it is bidding £75m, as it declared that it had acquired a 19.59 per cent stake.

UBM's share price fell back 4p to 121p yesterday, in the 24 hours before Norcros' revised casb and equity offer reaches its next closing date. That allowed Norcros into the market in pursuit of its alternative 125p-per-sbare cash offer, for which the stock market was quoting cash deals at 124½p per share.

The bidder is expected to disclose the level of its acceptaoces today bnt it has not yet indicated when the £73.3m cash alternative will expire, as the equity runs up to close en October 23.

Whatever the final outcome of what is becoming an increasingly tigbtly drawn bettle, the bidder cannot expect to rely oo any acceptances from Newarthill—the McAlpine buildiog group's investment arm, Colguy, has a 9.5 per cent stake.

Newarthill said yesterday that "we wish to state that we do not intend to accept this offer er take any action to assist Nercros in buying UBM shares in the market."

It implied that it was following tha lead edopted by Equity Capital for Industry, the so-called investment bank, which bolds 10.3 per cent of UBM's shares.

ECI has let it be known that, in the rare event of being asked to decipe the merits or otherwise ef e particular bid, it is not in the business of encouraging bids and takeovers. It has some sympathy with UBM's management in this instance but it has oot decided its particular investment course and it has not beld any meetings with Colguy.

Rightwise shares jump 33p on bid news

SHARES IN Rightwise, the plantatioos group, leapt 33p to 233p yesterday following announcement ever the weekend of details ef e recommended offer by Crosby House for the 48 per cent stake in Rightwise that it does net already own. Rightwise abares had been suspended at 200p since late August.

If takeg up fully, the share or loan stock offer values Rightwise at ebout £5.37m—or 238.5p a share. Crosby House's shares slipped by 5p to 175p following the news. They had also been suspended since August.

Crosby House, which is more than 70 per cent owned by Internetional Investment Trust Company ef Jersey (IIT), is traditionally involved with freight forwarding and container storage.

However, assuming the effer is successful, it will change its name to R.E.A.—which in full would be Rubber Estates Agency—reflecting a shift in emphasis to commodity trading and specialist bulk storage.

Mr Nigel Newby, Crosby's managing director, said yesterday that the merger served the needs of the company to diversify its ectivities, and would greatly simplify administration in two businesses which already overlap significantly.

As part of the deal, IIT will acquire from Crosby House its 43 per cent holding in Para Telephone Company, a small investment company, for £120,000. In addition, there will be a management buy-out of the group's freight forwarding business, with £200,000 being paid for goodwill.

Following an offer by IIT for Crosby House early this year, IIT boosted its holding from 37 per cent to more than 70 per cent. Following the acquisition ef Rightwise, which will involva the issue of just over 2m Crosby shares, IIT's stake is expected to fall to just a little more than 50 per cent.

IIT has for the past two years been controlled by the Robinow family—largely Mr Hermann Robinow, a director of N. M. Rothtschild, and his son Mr Richard Robinew—following the injection of its Jazerite Holdings company.

Dewhurst Dent

Deemview Securities a privately owned company, is te purchase Dewhurst Dent, the glove maker and wareheuse group, in an agreed takeover worth £1.4m.

The deal follows an agreed takeover in August of the parent companies of Dewburst Dent, Anglo African Finance and the Textile Investment Company.

The purchaser, W & A Investment Corporation, a South African company, specified that the Manchester-based Khazam and Yentob families, who controlled both AAF and Textile, would either find an offer fer the stake those companies held in Dewhurst Dent or, failing that, would make an offer themselves.

Deemview Securities has been set up by the Khazam and Yentob families specifically to purchase Dewhurst Dent.

W and A Investment has agreed to accept the Deemview Securities offer of 14p cash per share in respect of tha 47 per cent stake of Dewhurst Dent held by AAF and the 29 per cent stake held by Textile.

In the six months to Jannary 1983 Dewhurst Dent made pretax profits of £11,000 on turnover of £6.6m. Yesterday the shares were unchanged at 14p.

FKI Electricals

Following admission of FKI Electricals issued capital to the official list, Mr A. Gartland, chairman and chief executive, has sold 12.49m ordinary (17.9 per cent) and Mr F. Berry, executive technical director, has sold 3.51m ordinary (5 per cent).

Following the disposals Mr Gartland's holding is 22.61m ordinary (32.4 per cent and Mr Berry's is 6.35m ordinary (9.1 per cent). They do not intend to dispose of any more of their holdings for a period of at least one year.

The shares have been pleced by Panmure Gordon and Co with institutional investors.

Earlier this year FKI purchased English Numbering Machines from the Rank Organisatien. It bas turned this lossmaking company intn profit and ENM could contribute in the reglen of £500,000 te FKI profits in e full year.

Looking beyond the current year directors anticipete further steady growth with ENM making e further marked recovery as efficiencies are improved.

Parkfield Foundries

Parkfield Foundries announces that preliminary negotistions are taking place which may lead te a modest acquisitien.

Sucb an announcement would net nermally ba issued et this early stage bnt, in view of the current rights issue, the board wishes shareboiders to be aware ef these discussions.

John Waddington

Pergamen recently acquired 281,000 ordinary of John Weddington of which 256,000 were acquired in exchange fer 738,000 ordinary in BPCC. Pergamon owns or controls 91.35m ordinary shares in BPCC (78.7 per cent).

Tate of Leeds

Agreement was reacbed between T. P. Tate and those directors representing shareholders not conoected with the Tate family interests on the terms of e scheme involving the proposed acquisition of all the 578,519 ordinary io Tate (48.21 per cent) that are oot alreedy owned in the Tale family interests.

It is proposed that this acquisition should be made by Tnte Holdings, a company controlled by T. P. Tate together with other members of bis family and family trusts, by means of e scheme of arrangement under the Companies Act 1948.

Terms of the scheme are such that holders of the minority shares would receive: 210p io cash for each Tate ordinary. This velues the minority shares at £1,214,900 and the whole issued erdinary capital of Tate at £2.52m. The terms are considered as "fair and reasonable" and shareholders are recommended te vote in favour of the scheme.

Country Gentlemen

Country Gentlemen's Association bas bought the chartered accountancy practice of Antheny Brunt and Co. of Cullompton, Deven, fer e basic sum ef £288,000.

The profits of the practice as at September 30 1983 are about £15,000. As a result nf this transaction, the CGA bopes to expand its professional services and representation in tha West country.

English China

English China Clays has acquired SPH Chemicals, the clay division's agent for pigment for the peper industry in Sweden.

The ecquisition from the present owners, a consortium ef papermakers and forest owners, is made for e cash consideration of SwKr 31,275,000 (£2,637,000).

This ecquisition follows the purchase last year of the other Swedisb sales agent AB CDM. The pnrchase enables ECC to unify and strengthen its selling arrangements in Sweden, a major market for products of the Clay Division.

Duport

Duport has acquired Kendrick Computing for £244,000 cash.

Kendrick provides a range of specialised computer services, data processing on a borean basis, and a compnter systems for companies with full facilities management.

Brown & Tawse

Caparo Industries are interested in 2.05m ordinary shares in Brown and Tawse (9.85 per cent).

Eagle Star company to seek full listing

Grovewood Securities, the industrial holding company in Eagle Star Holdings, is about to bring its bigh technology company VG Instruments to the market. It is believed that around 25 to 30 per ceot of the equity will be on offer and the company will be seeking full quotation.

VG Instruments is the jewel in the Grovewood crown, contributing £7m of the £17m 1982 pre-tax profits. It specialises in a wide range of measuring instruments, including mass spectrometers and electron optics and employs 1,000 people.

This first move in a possible demerger of Grovewood from Eagle Star could explain the high activity in Eagle Star shares over the past couple of weeks and the strong rise in share price. But there are other speculative rumours concerning the intentions of the West German insurance group Allianz Versicherung, wbich bolds 28 per cent of Eagle Star.

Allianz yesterday again denied that it was negotiating the sale of its bolding and it expressed concern et the rumours circulating London regarding its intentions. It claimed that these rumours were ebviously aimed at bringing about "share price changes for purposes of speculation."

Allianz also reiterated its interest in acquiring Cornhill Insurance, now e member of BTR. But it stressed thet while such a development would lead to a ronsideretion of its Eagle Star stake, it would not necessarily resull in an eutomstic disposal.

London Trust buys commodity advisor

London Investment Trust, the financial services group involved in commodity broking and clearing in the UK and the U.S., has ecquired Tillotson Commodities.

Tillotson, founded in 1976, is the commodity trading edvisor to the Wren Group of commodity units trusts, as well as to a oumber of private and corporate commodity investors.

The initial casb consideration will be based on the audited net asset valne of Tillotson as at July 31 1983 estimated to be around £200,000. In addition, a deferred consideration of some 50 per cenl of pre-tax profits earned by Tillotson in the two accounting periods covering the 28 months to November 1985, will become payable.

The deferred consideretion will be payable in cash or at the vendors' option up to £120,000 of such consideration may be satisfied by the issue of LIT shares valued at 60p in respect of the 16 month period to November 30 1984 and up to £210,000 by the issue ef LIT shares valued et 70p in respect of the year to November 30 1985.

For the eight months to July 31 1983, Tillotson produced pretax profits of £61,000.

Armstrong Eqpt. Australian sale

W. H. Wylle & Co. (Pty) of Adelaide has agreed to purchase those assets of Armstrong York (Pty), a subsidiary of Armstrong Equipment, which are conceroed with the manufacture and sale of automotive suspension equipment.

The consideration for buildings, plant and equipment and inventory et valuation is approximately A$4.1m (£2.45m), against e book value et June 30 1983 of A$4.23m. The purchaser will also pay redundancy costs. The completien date for the transactioo is October 31 1983, with balancing figures fer inventory 21 days later.

The automotive component divisiou of Armstrong York has made substantial losses during each of the past two years.

Coated Electrodes

The sale of e controlling interest in the British Steel Corporation's coated electrodes businesses to a gronp of the management bas been completed.

The businesses were sold to e new company, Coated Electrodes (Holdings), in which 52 per cenl ef the equity will be beld by the management team and 48 per cent by BSC.

RUGBY CEMENT

Interim Report

The Directors of Tha Rugby Portlend Cement P.L.C. announca that tha unauditad Group results for the six months te 30th June 1983 were as follows:—

	6 months to 30th June 1983 £'000	6 months to 30th June 1983 £'000	6 months to 30th June 1982 £'000	6 months to 30th June 1982 £'000	Year to 31st Dec 1982 £'000	Year to 31st Dec 1982 £'000
Turnover						
United Kingdom		67,497		66,500		135,521
Oversees		12,674		15,292		30,186
		80,171		61,792		165,707
Trading Profit						
United Kingdom		8,094		7,998		16,639
Overseas		2,316		3,183		5,915
		10,412		11,181		22,554
Interest Recaived and Investment Income		2,013		2,170		4,529
Interest Paid		(1,591)		(1,967)		(3,816)
		10,834		11,384		23,267
Group Share of Associeted Compenies		(125)		(116)		266
Profit before Texetion		10,709		11,286		23,553
Taxation						
United Kingdom	(2,609)		(2,315)		(5,702)	
Oversees	(770)		(979)		(2,131)	
Assecieted Companies	111	(3,268)	—	(3,294)	(22)	(7,855)
Profit efter Taxation		7,441		7,974		15,688
Minority Interests		(120)		(168)		(317)
Profit before Extraordinery Item		7,321		7,806		15,381
Extraordinery Item		—		—		(226)
Profit after Extraordinary Item		7,321		7,806		15,155
Eamings per Share		6.1p		6.5p		12.9p

The results for the yeer to 31st December 1982 are an ebridged version of the Company's full eccounts for thet year which received an unqualified auditors' report end heve been filed with the Registrar of Companies.

The U.K. Cement Group benefited from modestly higher seles tonnages and the continuing cost reduction exercises. However, its improved profits were partially offset by the results of Rom River, which, in difficult circumstances produced a smell trading loss.

The fall in overseas trading profits reflects the devaluation of the Australian dollar and the lower demand for cement from the depressed building end construction industry in Westem Austrelie. The Parmelia Hotel continued with its steady progress.

With regard to the second half of the year, e further deterioretion is expacted from Rom River. Strenuous action is being taken to improve the position as Rom River adjusts to the changing market conditions for its products, particulerly concrete eccessories in the oversees markets. However, the increase in that company's loss should be more then offset by en improvement in overseas profits due to modestly higher sales in Westem Australie and the fevourable seasonel swing in the contribution from Associated Compenies.

The Directors have declered en interim dividend on account of the year ending 31st December 1983 of 2.7p a shere — £3,244,134 (1982 — 2.8p e shere — £3,115,038).

The dividend will be paid on the 3rd January 1984 to shareholders on the register on the 4th November 1983.

Current Cost Basis (unaudited)

	6 months to 30th June 1983 £m	6 months to 30th June 1983 £m	6 months to 30th June 1982 £m	6 months to 30th June 1982 £m	Yaar to 31st Dec 1982 £m	Yaar to 31st Dec 1982 £m
Historical Cost Trading Profit		10.4		11.2		22.6
Current Cost Adjustments						
Cost of Sales	(0.6)		(1.6)		(1.7)	
Depreciation	(3.1)		(2.7)		(7.3)	
Monetary Working Capitel	0.1	(3.6)	(0.1)	(4.4)	(0.1)	(9.1)
Current Cost Operating Profit		6.6		6.8		13.5
Gearing Adjustment	0.2		0.3		0.5	
Net Interest Received	0.4	0.6	0.2	0.5	0.7	1.2
Associeted Companias		(0.2)		(0.2)		0.2
Profit before Taxation		7.2		7.1		14.8
Taxation		(3.2)		(3.3)		(7.9)
Profit after Taxation		4.0		3.6		7.0
Minority Intarests		—		(0.1)		—
Profit before Extraordinery Item		4.0		3.7		7.0
Extraordinery Item		—		—		(0.2)
Profit after Extraordinary Item		4.0		3.7		6.8
Eamings per Share		3.3p		3.1p		5.8p

Boyd-Carpenter
Chairman

THE RUGBY PORTLAND CEMENT P.L.C., CROWN HOUSE, RUGBY CV21 2DT.

This Prospectus includes information given in compliance with the Regulations of the Council of The Stock Exchange in London, for the purpose of giving information to the public with regard to Ireland and the Stock. Ireland has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. Ireland accepts responsibility accordingly.

Dated 4th October, 1983

Ireland

Offer for Sale on a yield basis of

£50,000,000 Loan Stock 2008

payable as to £25 per cent. on application
and as to the balance by 23rd January, 1984
with interest payable half yearly on 12th April and 12th October

by

County Bank Limited | **Hill Samuel & Co. Limited** | **S. G. Warburg & Co. Ltd.**
Baring Brothers & Co., Limited | **Lloyds Bank International Limited** | **Morgan Grenfell & Co. Limited**
Allied Irish Investment Bank Limited | **The Investment Bank of Ireland Limited**

Application has been made to the Council of The Stock Exchange in London for the £50,000,000 Loan Stock 2008 (the "Stock") to be admitted to the Official List for quotation in the Gilt-edged market.

It is expected that dealings on The Stock Exchange will begin on Friday, 7th October, 1983, without documents of title and at seller's risk, for deferred settlement on Thursday, 13th October, 1983.

The Stock will be available either in registered form, transferable in amounts and multiples of one penny, or at the option of the holder, in bearer form, represented by bearer bonds which will be available in the denomination of £5,000. Stock in registered form may be exchanged for bearer bonds and vice versa at any time after 20th February, 1984. Renounceable allotment letters (partly paid) in respect of the Stock will be issued on Wednesday, 12th October, 1983. Certificates in respect of Stock in registered form and bearer bonds in respect of Stock in bearer form will be available on 20th February, 1984 provided the balance of the moneys payable has been duly paid.

THE APPLICATION LIST WILL OPEN AT 10.00 A.M. ON THURSDAY, 6TH OCTOBER, 1983 AND WILL CLOSE LATER THE SAME DAY.

PROCEDURE FOR APPLICATION

Each application for Stock must be made in the form of the application form provided herewith and must be lodged with Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU not later than 10.00 a.m. on Thursday, 6th October, 1983 and must comply with the provisions of "Terms of Payment in Respect of Applications" below.

Applications for Stock must be for a minimum of £100 nominal amount of Stock and thereafter for the following multiples of Stock:—

Amount of Stock applied for	Multiple
Up to £1,000	£100
£1,000 to £10,000	£1,000
£10,000 to £50,000	£5,000
£50,000 or greater	£25,000

County Bank Limited, Hill Samuel & Co. Limited and S. G. Warburg & Co. Ltd. (the "Lead Managers") reserve the right to reject any application or to accept any application in part only. If any application is not accepted the amount paid on application will be returned by post at the risk of the person submitting the application and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned without interest, and in the meantime all such amounts will be held in a separate account.

The Lead Managers will announce the basis of allotment by 9.30 a.m. on Friday, 7th October, 1983. It is expected that confirmations of allotment will be despatched on that day. Acceptances of applications for Stock will be conditional *(inter alia)* upon the Council of The Stock Exchange admitting the Stock to the Official List on or before Wednesday, 12th October, 1983. No applications for Stock will be accepted or, as the case may be, acceptances of applications for Stock will become void, if the Managers exercise their right to terminate the Subscription Agreement or if the conditions thereof are not fulfilled (see "General Information — Subscription Arrangements" below).

TERMS OF PAYMENT IN RESPECT OF APPLICATIONS

Each application, unless made by a recognised Bank or Stockbroker taking advantage of the alternative method of payment described below, must be accompanied by a cheque made payable to "Lloyds Bank Plc" and crossed "Ireland Loan", representing payment at the rate of £25 per cent. of the nominal amount of Stock applied for. Such cheques must be drawn on a branch in the United Kingdom or the Channel Islands of a bank which is either a member of the London or Scottish Clearing Houses or which has arranged for its cheques to be cleared through the facilities provided for members of those Clearing Houses.

The alternative method of payment for payments of £10,000 or more, is available only to recognised Banks or Stockbrokers (as defined below) who irrevocably engage in the application forms lodged by them to pay Lloyds Bank Plc for credit to the account designated "Ireland Loan—Alternative Payment" by 10.00 a.m. on Wednesday, 12th October, 1983 the amount in Town Clearing Funds (as defined below) representing payment at the rate of £25 per cent. of the nominal amount of Stock in respect of which their applications shall have been accepted.

The Lead Managers reserve the right to instruct Lloyds Bank Plc to retain the relevant allotment letters and to delay the return of surplus application moneys (if any) pending clearance of applicants' remittances.

Settlement of the balance due on 23rd January, 1984 may be made either by means of a cheque, drawn as aforesaid, received by Lloyds Bank Plc not later than 3.00 p.m. on 19th January, 1984, or, for payments of £10,000 or more, by means of Town Clearing Funds (as defined below), to be received by Lloyds Bank Plc not later than 10.00 a.m. on 23rd January, 1984. Any amount paid in advance of its due date shall not bear interest or be entitled to any other payment. Failure to pay such balance when due will render all amounts previously paid liable to forfeiture and the allotment liable to cancellation. Interest at the rate of two per cent. above the Base Rate of Lloyds Bank Plc from time to time may be charged on such balance if accepted after its due date. Ireland further reserves the right, in default of payment of such balance, to sell any such Stock fully paid for its own account.

The expression "recognised Bank or Stockbroker" shall mean any organisation which is a recognised bank for the purposes of the Banking Act 1979 and any firm of stockbrokers which is a member of The Stock Exchange of the United Kingdom and the Republic of Ireland and such other banks or brokers as the Lead Managers shall at their absolute discretion agree for the purposes of the issue.

The expression "Town Clearing Funds" shall mean a cheque or banker's payment for £10,000 or more drawn on a Town Clearing Branch of a bank in the City of London.

DELIVERY

Renounceable allotment letters (partly paid) in respect of Stock allotted will be despatched on Wednesday, 12th October, 1983 by first class post to, and at the risk of, the person submitting the application in accordance with the instructions on the application form. Alternatively, a recognised Bank or Stockbroker (as defined above) using the alternative method of payment may request that the renounceable allotment letter be retained at Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU for collection between 3.00 p.m. and 5.00 p.m. on Wednesday, 12th October, 1983. Any uncollected allotment letters will be despatched by first class post as above.

Allotment letters may be split up to 3.00 p.m. on 19th January, 1984 in accordance with the instructions contained therein into denominations or multiples of £100 nominal amount of Stock.

Unless a duly renounced allotment letter with the registration application form and/or the form of application for Stock in bearer form duly completed is received by Lloyds Bank Plc, on or before 23rd January, 1984, the Stock represented by such allotment will, provided it is fully paid, be registered in the name of the original allottee and thereafter Stock in registered form will be transferable only by instrument of transfer.

Allotment letters will provide for Stockholders to elect to take delivery of Stock in bearer rather than registered form. Stock in bearer form will be represented by bearer bonds which will be available in the denomination of £5,000.

Each Stockholder who elects in the allotment letter to receive bearer bonds may elect to receive them in one of the three following ways:—

(a) by collection from the offices of Lloyds Bank Plc, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU or Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA; or

(b) by post at the risk of the applicant. Lloyds Bank Plc will insure any package destined for an address in the United Kingdom provided a cheque is enclosed with the allotment letter made up for 50p per £5,000 nominal amount of bearer bonds to be sent (minimum payment £2). Insurance rates for other countries will be quoted on request; or

(c) by delivery to an existing account with Euro-clear Operations Centre or CEDEL S.A.

Bearer bonds are expected to be available for delivery on and after 20th February, 1984.

Stock certificates in respect of Stock in registered form will be despatched to the registered holders (or in the case of joint holders to the first named) at their registered addresses by Lloyds Bank Plc on 20th February, 1984. After such date the relevant allotment letters will cease to be valid for any purpose.

No Stock certificate will be issued and no bearer bond will be delivered unless the Stock to be represented thereby is fully paid.

DETERMINATION OF RATE OF INTEREST AND ISSUE PRICE

The Stock will have attached such rate of interest and be issued at such price as will result in the Stock having a gross redemption yield determined on the basis described below (the "Issue Yield").

The Issue Yield shall mean the sum of 2.25 per cent. and the gross redemption yield, rounded to three places of decimals (with 0.0005 being rounded upwards), on 13½ per cent. Treasury Stock 2004-08 at 3.00 p.m. on Wednesday, 5th October, 1983, the price cum dividend of such Stock to be determined by the Lead Managers to be the arithmetic mean of the bid and offered prices quoted on a dealing basis for settlement on the following business day by three jobbers in the Gilt-edged market. The gross redemption yield will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the *Journal of the Institute of Actuaries Vol. 105, Part 1, 1978, Page 18.*

The rate of interest attaching to the Stock will be determined by the Lead Managers and will be an integral multiple of one eighth of one per cent. and the issue price, which will not be greater than par nor less than £95 per cent., will also be determined by the Lead Managers, and will be expressed as a percentage rounded down to three places of decimals.

It is intended that notice of the Issue Yield, rate of interest and issue price will be published in the *Financial Times* on Thursday, 6th October, 1983.

PARTICULARS OF THE LOAN STOCK

The issue of the £50,000,000 Loan Stock 2008 (the "Stock") of Ireland was authorised in accordance with Section 54 of the Finance Act 1970 of Ireland, Section 6 of the Finance (No. 2) Act 1970 of Ireland, Section 49 of the Finance Act 1978 of Ireland, Section 18 of the Finance (No. 2) Act 1981 of Ireland and Section 4 of the Appropriation Act 1965 of Ireland and will be constituted by a Deed Poll to be entered into by Ireland. The following is a summary of, and is subject to, the detailed provisions of the Deed Poll, copies of which will be available for inspection at the Registrar and Transfer Office and at the offices of the Paying Agents referred to below.

Status

The Stock will be a direct, unconditional and general obligation of Ireland and will constitute a charge on the Central Fund of Ireland. Subject to "Negative Pledge" below, the Stock will rank *pari passu* with all other unsecured Indebtedness of Ireland from time to time outstanding. "Indebtedness" means all indebtedness of Ireland in respect of moneys borrowed by Ireland and guarantees given by Ireland for moneys borrowed by others.

Negative Pledge

Ireland will undertake that if, while any of the Stock remains outstanding, Ireland shall secure any loan, debt, guarantee or other obligation, now or hereafter existing, by any mortgage, pledge, lien or other charge upon any of its present or future revenues, properties or assets, the Stock shall be secured by such mortgage, pledge, lien or other charge equally and rateably with such other loan, debt, guarantee or other obligation; provided, however, that the Stock will not be required to be so secured if the mortgage, pledge, lien or other charge is solely on properties or assets to secure the whole or any part of the purchase price of such properties or assets.

Interest

The Stock will bear interest from 12th October, 1983 at a rate per annum to be determined in accordance with "Determination of Rate of Interest and Issue Price" above. Interest will be payable by equal half yearly instalments on 12th April and 12th October (the "Interest Payment Dates") in each year except that the first payment of interest in respect of the period from 12th October, 1983 to 12th April, 1984 will be made on 12th April, 1984 and will be calculated using the following formula—

$$£I = \left(\frac{103}{365} \times \frac{25}{P} \times R\% \right) + \left(\frac{80}{365} \times R\% \right)$$

where £I is the first payment of interest on £100 nominal amount of Stock;
R is the rate of interest attaching to the Stock; and
P is the issue price.

Interest will cease to accrue on the Stock on the due date for redemption thereof unless payment of principal is improperly withheld or refused.

Form

The Stock will be available either in registered form (hereinafter referred to as "Registered Stock") or, at the option of the person entitled thereto, in bearer form (hereinafter referred to as "Bearer Stock"). On or after 20th February, 1984 and subject as hereinafter provided, Registered Stock may be exchanged in nominal amounts of £5,000 or integral multiples thereof for Stock in bearer form and Bearer Stock may be exchanged for Registered Stock. Bearer Stock will be represented by bearer bonds which will be available in the denomination of £5,000 each (the "Bearer Bonds") and on issue an interest coupon (a "Coupon") will be attached to each Bearer Bond in respect of each Interest Payment Date following the date of issue of such Bearer Bond, provided that, in the case of a Bearer Bond issued pursuant to an application received between the day following a Record Date (as hereinafter defined) and the immediately succeeding Interest Payment Date (inclusive), no Coupon will be attached in respect of that immediately succeeding Interest Payment Date.

Applications for Bearer Stock made before the issue of definitive documents of title must be made on or before 23rd January, 1984 in accordance with the instructions contained in the allotment letter which will be despatched to persons to whom Stock is allotted (see "Delivery" above). On or after the issue of definitive documents of title, applications for exchange must be made on the forms available at the specified offices of each of the Registrar, Principal Paying Agent and Exchange Agent and the Paying Agents referred to below and must be made by the registered holder of Registered Stock or the holders of Bearer Bonds, as the case may be, lodging such forms duly completed at either of the specified offices of the Exchange Agent. Such exchange will only be made on payment of such costs and expenses as may be incurred in connection therewith.

An application to exchange Registered Stock for Bearer Bond(s) shall have attached thereto the Stock Certificate(s) to which such application relates and an application to exchange Bearer Bond(s) for Registered Stock shall have attached thereto the Bearer Bond(s) to which such application relates together with all unmatured Coupons appertaining thereto. Failing presentation of all unmatured Coupons appertaining to any Bearer Bond, no exchange shall be made in respect thereof. In the case of an application received during the period commencing on the day following a Record Date and expiring on the day before the next Interest Payment Date, a Coupon falling due for payment on such Interest Payment Date shall, for the purposes of this paragraph, be deemed to have matured. If the Stock Certificate attached to an application for the exchange of Registered Stock for Bearer Bonds relates to a greater nominal amount of Stock than that in respect of which application for exchange is made or relates to a nominal amount of Stock which is not an integral multiple of £5,000, the balance of such Stock will remain in registered form and a Stock Certificate will be issued to the holder in respect thereof. All applications for the exchange of Registered Stock for Bearer Bonds and vice versa will be irrevocable. An application shall be deemed to be made on receipt by the Exchange Agent of a duly completed exchange form.

The initial Exchange Agent is Lloyds Bank Plc and its specified offices are at Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA and Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU or such other place or places as Ireland may from time to time agree and notify to Stockholders in accordance with "Notices" below. Ireland reserves the right to terminate the appointment of the Exchange Agent provided that no such termination shall take place until a new Exchange Agent having a specified office in London has been appointed and notice of whose appointment has been given to Stockholders in accordance with "Notices" below.

Bearer Bonds issued in exchange for Registered Stock and Stock Certificates in respect of Registered Stock issued in exchange for Bearer Bonds will be available for delivery at either of the specified offices of the Exchange Agent or will be despatched in accordance with the instructions contained in the application, in each case within 3 business days of receipt of the relevant application duly completed.

Transfer

The Registered Stock will be transferable in amounts and multiples of one penny by an instrument in writing as if the Stock were a security to which Section 1 of the Stock Transfer Act 1963 and the Stock Exchange (Completion of Bargains) Act 1976 of Great Britain applied. The Register and Transfer Office for the Registered Stock will be at the specified office of the Registrar. The initial Registrar is Lloyds Bank Plc and its specified office is at Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 6DA or such other place or places in Great Britain as Ireland may from time to time agree and notify to Stockholders in accordance with "Notices" below. Ireland reserves the right to terminate the appointment of the Registrar provided that no such termination shall take effect until a new Registrar having a registered office in Great Britain has been appointed and notice of whose appointment has been given to Stockholders in accordance with "Notices" below. Ireland reserves the right to establish a separate Register for the Stock outside Great Britain and for such purpose to appoint a separate Registrar and to make arrangements for the transfer of Stock from one register to the other.

The Bearer Bonds will be transferable by delivery.

Under present legislation both Stock in registered form and Bearer Bonds are transferable free from United Kingdom Stamp Duty.

Redemption

(a) Mandatory Redemption
Ireland will redeem the Stock (unless previously purchased and cancelled) at par on 12th October, 2008.

(b) Purchase Fund
Ireland will irrevocably authorise and direct County Bank Limited, or its successor as purchase agent (the "Purchase Agent") to endeavour to purchase for the account of, and at the expense of, Ireland £1,500,000 nominal amount of the Stock during the period from 24th January, 1984 to 11th October, 1984 and during each of the two 12 month periods beginning on 12th October in the years 1984 and 1985. In each case purchases will be made at such prices as the Purchase Agent may at its sole discretion consider reasonable in the light of the then prevailing prices quoted on The Stock Exchange (or, failing such quotation, on such other stock exchange or securities market on which the Stock is listed for the time being), but not exceeding the issue price (exclusive of accrued interest and all costs of purchase), and at such times within each such period as the Purchase Agent may at its sole discretion determine. If, during any such period, the Purchase Agent is unable so to purchase the relevant nominal amount of Stock, the Purchase Agent will be irrevocably authorised and directed to purchase for the account of Ireland during the 6 months next following the expiry of that period, on the conditions set forth above and before purchasing any Stock which it shall be authorised to purchase during the next following 12 month period, Stock of an aggregate nominal amount equal to the shortfall in the nominal amount of Stock purchased during that earlier period, provided that any such shortfall shall in no circumstances be carried forward beyond the 6 months next following the expiry of that period. The purchases may be made by the Purchase Agent in such manner (whether on any stock exchange or over-the-counter market or by public or private sale with or without advertising and whether directly or through sub-agents) and from such persons as the Purchase Agent in its sole discretion may determine. In acting under the foregoing provisions, the Purchase Agent shall not assume any obligation to Stockholders.

(c) Optional Purchases
Ireland may at any time purchase Stock in the open market at any price or by private agreement at a price (exclusive of accrued interest and expenses) not exceeding 115 per cent. of the middle market quotation for the Stock, as shown by *The Stock Exchange Daily Official List*, ruling on the previous dealing day (allowing for accrued interest but exclusive of all costs of purchase) but not otherwise.

(d) Cancellation
Stock so purchased shall be cancelled forthwith.

Payments

In the case of Registered Stock, payments of principal and interest will be made in pounds sterling by means of a warrant drawn on a Town Clearing Branch of a bank in the City of London, which will be sent by post at the Stockholder's risk to persons who are registered as Stockholders at the close of business on the relevant Record Date or to their nominated agents and made payable to such Stockholders. In the case of joint holders, the warrant (made payable to such joint holders) will be sent to the first named unless instructions to the contrary are given in writing to the Registrar by all joint holders. The "Record Date" shall mean the thirtieth day before an Interest Payment Date but should such thirtieth day fall on a day on which the specified office of the Registrar is not open for business then the Record Date shall mean the first day thereafter on which the specified office of the Registrar is open for business.

In the case of Bearer Stock, payments of principal will only be made against surrender of the Bearer Bonds and, subject as mentioned below, payments of interest will only be made against surrender of Coupons, at the specified office of the Paying Agent in London in pounds sterling or, at the option of the bearer, at the specified office of any other Paying Agent, by a cheque in pounds sterling drawn on, or by transfer to an account maintained by the payee with, a bank in London, subject in each case to any laws or regulations applicable thereto.

If the due date for payment of any amount of principal or interest in respect of any Bearer Bond or Coupon is not a business day, then the holder thereof shall not be entitled to payment of such amount until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, the expression "business day" means any day on which banks are open for business in the place where the specified office of the Paying Agent at which the Bearer Bond or Coupon is presented for payment is situated and (in the case of payment by transfer to an account maintained by the payee with a bank in London as referred to above) on which dealings in pounds sterling may be carried on both in London and in such place.

The initial Paying Agents and their specified offices are listed below. Ireland will at all times maintain a Paying Agent in London and in one country in Europe other than the United Kingdom. Stockholders will be notified in accordance with "Notices" below of the replacement of any Paying Agent, any change in the specified office of a Paying Agent and the appointment of any additional Paying Agents.

Taxation

(a) All payments of principal and interest in respect of the Stock will be exempt from any present or future taxes, levies, imposts, duties, deductions, withholdings or other charges, of whatsoever nature, imposed, levied, collected, withheld or assessed by Ireland or any political sub-division or taxing authority thereof or therein (all of which are below referred to as "Irish Taxes") so long as the beneficial owner of the Stock is neither domiciled nor ordinarily resident in Ireland; and

(b) Interest payable will be exempt from Irish income tax so long as the beneficial owner thereof, whatever his domicile, is not ordinarily resident in Ireland,

unless in the case of (a) or (b) above, the beneficial owner of the Stock has in Ireland a permanent establishment of a business enterprise and the debt claim is effectively connected with that establishment.

Without prejudice to (a) and (b) above, if Ireland fails to ensure that any payment of principal and/or (as the case may be) interest is exempt as aforesaid, Ireland shall pay such additional amounts of principal and/or interest as are necessary in order to ensure that the net amount of principal or interest to which the holder of the relevant Stock will be entitled after payment (whether by imposition, levy, collection, withholding or assessment) of Irish Taxes in respect of the Stock is equal to the amount to which such holder would have been entitled or which such holder would have retained in respect thereof in the absence of such Irish Taxes, except that no such additional amounts shall be payable—

(i) in respect of any Registered Stock which is held by, or in respect of any Bearer Stock where the Bearer Bond or Coupon is presented for payment by or on behalf of, a holder who is able to avoid such imposition, levy, collection, withholding or assessment by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or

(ii) in respect of any Bearer Stock, where the Bearer Bond or Coupon is presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to additional amounts on presenting the same for payment on the expiry of such period of 30 days.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, but if the full amount of the money payable has not been received by the Paying Agent on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly published in accordance with "Notices" below. Any reference in the description of the Stock to principal or interest shall be deemed also to refer to any additional amounts which may be payable under this provision.

Events of Default

The holder of any Stock may give written notice to Ireland or to the Registrar that such Stock is, and such Stock shall accordingly immediately become, due and repayable at par, together with interest accrued to the date of repayment, in any of the following events:—

(i) if Ireland defaults in the payment of any principal of, or interest on, any of the Stock for a period of more than 20 days after the due date; or

(ii) if Ireland fails to perform or observe any of its other obligations under the Stock and such failure continues for the period of 60 days next following the service by any Stockholder on Ireland of written notice requiring the same to be remedied (except where such failure is not capable of remedy when no notice shall be required); or

(iii) if any other present or future indebtedness of Ireland or the Central Bank of Ireland for borrowed money becomes due and payable prior to the stated maturity thereof by reason of default, or any such indebtedness is not paid at the maturity thereof as extended by any grace period applicable thereto, or any present or future guarantee of, or indemnity in respect of, borrowed money given by Ireland or the Central Bank of Ireland is not honoured when due and called upon or within any grace period applicable thereto or the security for any such indebtedness for, or guarantee or indemnity in respect of, borrowed money of Ireland or the Central Bank of Ireland becomes enforceable or Ireland or the Central Bank of Ireland shall declare a general moratorium on the payment of such indebtedness; or

(iv) if Ireland ceases to be a member of the International Monetary Fund or of any successor (whether corporate or unincorporate) which performs the functions of, or functions similar to, the International Monetary Fund.

Prescription

The Bearer Bonds will become void unless surrendered for payment within a period of 10 years and the Coupons will become void unless surrendered for payment within a period of 5 years, in each case from the due date.

Replacement of Stock Certificates, Bearer Bonds and Coupons

If any Stock Certificate, Bearer Bond or Coupon is mutilated, defaced, destroyed, stolen or lost it may be replaced at the specified office of the Registrar in the case of a Stock Certificate or of the Exchange Agent in the case of a Bearer Bond or Coupon upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as Ireland and the Registrar or, as the case may be, the Exchange Agent may require. Mutilated or defaced Stock Certificates, Bearer Bonds or Coupons must be surrendered before replacements will be issued.

Title to Bearer Bonds and Coupons

Ireland and any Paying Agent may treat the holder of any Bearer Bond or Coupon as the absolute owner thereof (whether or not such Bearer Bond or such Coupon shall be overdue and notwithstanding any notice of ownership or writing thereon) for the purposes of receiving payment and for all other purposes.

Notices

All notices shall be valid if despatched by post to the Stockholder at his registered address (in the case of joint holders to the address of the holder whose name stands first in the Register) and if published in one leading daily newspaper printed in the English language and with general circulation in London or, if this is not practicable, in an English language newspaper having general circulation in Europe. It is expected, however, that publication of such notices will normally be made in the *Financial Times*. Any such notice shall be deemed to have been given on the later of the day following the date of such despatch and the date of the first such publication.

Modification of Rights

The conditions of the Stock and the provisions of the Deed Poll and the rights of the Stockholders are subject to modification by Extraordinary Resolution of the Stockholders as provided in the Deed Poll.

Governing Law, Jurisdiction and Waiver of Immunity

The conditions of the Stock and the provisions of the Deed Poll will be governed by and construed in accordance with the laws of England except with respect to their authorisation and execution by and on behalf of Ireland and any other matters required to be governed by the laws of Ireland.

Ireland will irrevocably agree that any suit, action or proceeding ("proceedings") arising out of or in connection with the Stock may be brought in the English courts and will submit to the non-exclusive jurisdiction of, and, to the extent that it is legally able to do so, will waive irrevocably any immunity to which it might otherwise be entitled in proceedings brought in, such courts. Ireland will appoint the Ambassador of Ireland to the Court of St. James's for the time being as its authorised agent for the receipt of any writ, judgment or other process in connection with proceedings in England and will agree that any writ, judgment or other process shall be sufficiently and effectively served on it if delivered to the said Ambassador at his official address for the time being in England or in any other manner permitted by law. Ireland will irrevocably and generally consent in respect of proceedings arising out of or in connection with the Stock to the giving of any relief or the issue of any process in connection with such proceedings including, without limitation, the making, enforcement or execution against any property, assets or revenues whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such proceedings with the exception of real property and buildings and the contents thereof used by the Department of Foreign Affairs for its own purposes to the exercise of its functions as such outside Ireland.

USE OF PROCEEDS

The net proceeds to be received by Ireland from the issue of the Stock will be paid into the Central Fund of Ireland (into which all the revenues of Ireland are payable) and will be used to finance the State's Capital Budget.

STOCK EXCHANGE DEALING

The Stock in both registered and bearer forms will be dealt in on The Stock Exchange in London in the Gilt-edged market. The Stock will normally be traded for settlement and delivery on the working day after the date of the transaction. Under current market practice, the price of the Stock will be quoted inclusive of accrued interest until the Stock has five years or less to run until final maturity.

It is expected that dealings on The Stock Exchange will begin on Friday, 7th October, 1983, without documents of title and at seller's risk, for deferred settlement on Thursday, 13th October, 1983.

UNITED KINGDOM TAXATION

As regards Registered and Bearer Stock, payments of interest may be made gross to persons in the United Kingdom on the provision by the Registrar or Paying Agents (as the case may be) to the Board of Inland Revenue of a list containing—

(a) a full description of the interest;

(b) the name and address of each person who is entitled thereto; and

(c) the amount thereof to which each person is entitled.

In the case of Registered Stock, the current practice of the Inland Revenue also permits the payment of interest gross where either the registered address of the holder of the Stock is outside the United Kingdom and payment is made direct to an address abroad (other than a branch abroad of a United Kingdom bank) or an authority from the Office of the Inspector of Foreign Dividends to pay gross on the grounds of non-residence of the Stockholder is held by the Registrar.

In the case of Bearer Stock where the conditions in the first paragraph above are not satisfied and interest is payable through a paying agent in the United Kingdom, income tax will be deducted from each payment in the absence of an affidavit to the effect that the beneficial owner of the Stock is not resident in the United Kingdom for tax purposes.

Under current Inland Revenue practice, a bank in the United Kingdom, recognised as such by the Inland Revenue, may receive interest payments without deduction of tax: if in bearer form it certifies on the occasion of each such payment that it owns the underlying stock and is beneficially entitled to the interest; if in registered form it applies to the Office of the Inspector of Foreign Dividends.

Stockholders who are liable to United Kingdom tax on capital gains should note that the provision in Section 67 of the Capital Gains Tax Act 1979 which exempts from tax capital gains on Gilt-edged securities (as defined for such purposes) held for more than 12 months will not apply to the Stock.

UK COMPANY NEWS

Foseco starts on recovery trail

IN THE first half of 1983 Foseco Minsep, maker of specialised chemical products, has shown some recovery from the depressed conditions encountered progressively during the second half of 1982, and has benefited from rationalisation undertaken in the last year.

As a result, profit for the half year ended June 30 1983 came to £7.82m, against £5.54m in the second period of 1982 and £9.32m in the first. The directors consider that the outlook is better than a year ago and look to a continuation of the improvement. The interim dividend is being held at 2.65p net per share.

The improvement in trading conditions worldwide, referred to in May, has continued and results in all sectors are as good as or ahead of the second half of 1982. However, the market upturn is patchy, typified by the U.S., where the Foseco Steel and Unicorn operations are benefiting, but the Foseco Foundry and Fosroc operations are still facing depressed demand.

Of the four sectors, Foseco has shown recovery, Fosroc continues to perform well, Unicorn has produced better results in recent months, and Fosmin has made a useful and improved contribution to profitability.

In the 1983 half year external sales reached £191.41m (£192.29m) and trading profit came to £10.33m (£12m). After tax £3.77m (£4.24m), minorities £385,000 (£425,000) and preference dividends £84,000 (same), the profit attributable to the ordinary was £3.55m (£4.57m). Earnings are shown at 4.4p (5.6p).

● comment

The pattern of Foseco Minsep's results was as expected: a decline on the comparable period, but a 41 per cent increase in pre-tax profits over the second half of last year, when trading conditions in practically all of its markets had hit rock bottom. The group's fortunes are highly geared to those of North America, where 20 per cent of its sales are generated. The metalurgical side benefited from a strong upturn in U.S. steel production in the spring, but this has since levelled off and demand for Fosroc chemicals continues to slip in the U.S. Fosroc has, however, performed strongly in Saudi Arabia and Europe. After last year's costly restructuring, the Japanese losses have been reduced, and that division is expected to be profitable by the end of the year. Foseco's recovery is uneven but unmistakeable, pointing to a pre-tax profit increase of perhaps 25 per cent to around £17.5m for the year. At 134p, up 3p, that puts Foseco on a prospective multiple of just over 12, assuming a 48 per cent tax charge.

Goodwin ahead

Engineering and metal processing group Goodwin returned pre-tax profits of £303,000, compared with £264,000, for the year to April 30 1983 from turnover of £8.88m, against £6.57m.

Earnings rose from 2.58p to 3.76p per 10p share but the dividend is held at 0.53847p net. Tax took £32,000 (£79,000), leaving £271,000 (£532,000), including a £347,000 deferred tax relief credit).

FII growth runs into second half: pays more

THE TRADITIONAL pattern of lower second half profits has been broken by FII Group in the year ended May 31 1983. This time the profit reached £402,000, against £238,000 in the corresponding period, to make the total £726,000 for the full 1982-1983 year, an increaes of £185,000, or 34 per cent. over the previous year.

Earnings are shown to be up from 7.9p to 9.9p, and a final dividend of 3.71p raises the total to 5.25p, compared with 5.04p.

Turnover for the year was up from £7.83m to £10.06m. Sales in the first four months of the current year are higher

Tax took £327,000 (£225,000) and extraordinary charges £68,000 (£113,000), leaving the net profit at £333,000 (£205,000). The extraordinary item this year covers the cost of unlet premises and the initial setting up costs of the new medical division.

The group is engaged in manufacturing and distributing footwear, and in supplying raw materials and components to footwear makers.

Liquidity remained strong, with the year-end cash balance over £1.5m.

Bremar's purchase

Bremar Trust has agreed to acquire from Mr R. J. Frost, chief executive of Bremar, -- per cent of the voting shares and 30 per cent of the dividend shares in Honeyfall, a company which operates 49 petrol stations. Bremar at present owns 49 per cent of the voting and 50 per cent of the dividend shares of Honeyfall.

This is a correction of the report which appeared on Saturday.

MINING NEWS

Silver rescues N. Broken Hill

BY KENNETH MARSTON, MINING EDITOR

A SURGE of income in the final three months of the year to June 30 has boosted full year's earnings of North Broken Hill, the Australian mining and investment group. They come out et A$31.05m (£18.62m) after extraordinary items against A$12.48m for the previous year.

The final dividend is raised to 5 cents (3p) to make a total for the year of 8 cents compared with 6 cents for 1981-82. The latest divideod is payable on the capital increased by the one-for-four rights issue made earlier this year.

Mining operatioos staged a turn-round to profit from loss thanks to significant iocerases in sales of silver and prices received for the metal coupled with cost reductions. Average prices received for lead and zinc were lower.

The share of profits of associated companies also increased thanks to a better performance by 33.3 per cent-owned EZ Industries mining and refinining group. Associated Pulp and Paper Mills became a wholly-owned subsidiary half-way through the year and contributed A$8.49m to North Broken Hill.

Associated Pulp and Paper Mills' net profit for the year dropped to A$9.25m from A$17.19m in tha previous 12 months because of a poor demand for its products in the first balf of 1982-83. Earnings improved in the second half, however, as a result of a rednction in costs and a pick-up in demand.

Shares of North Broken Hill lost 5p to 200p in a generally easier market yesterday.

Sentrust director opposes UCI merger

WHILE the boards of the South African Gencor group's U.C. Investments and Sentrust mining investment companies support the proposed merger a dissenting voice is raised by Mr Mr J. L. van den Berg, a director of Sentrust.

Mr van den Berg sees no clear benefits to Sentrust holders of the merger and, indeed, feels that there are disadvantages. Furthermore, he reckons that the proposed merger terms of 72 UCI shares for every 100 Sentrust are inadequate.

His views, summarised in a letter accompaning the merger documents, include the opinion that the two companies have policy differences and that there is no clarity about the future purpose and policy. While Sentrust has a wide investment spread, be points out that UCI has 87.5 per cent of its funds invested in Gencor group businesses.

He also feels that the merger would only be justifiable for Sentrust if what he regards as relatively optimistic future gold price expectations are assumed. He also feels that Sentrust's expertise in making sharedealing profits has not been considered.

Taking sharedealing profits of the two companies over the past four years in addition to their other dealings, Mr van den Berg feels that the exchange ratio of the merger should be 85 UCI shares for every 100 Sentrust.

But taking only a 12-month period ba feels thet the ratio should be 76 UCI for every 100 Sentrust.

Mr van den Berg is stated to be the beneficial bolder of 12,700 shares in Sentrust and the non-beneficial holder of a further 100 shares. The other Sentrust directors each have a non-beneficial bolding only of 100 shares with the exceptioo of Mr W. S. Pretorius, who also holds beoeficially a further 100 shares.

As part of the proposed merger UCI is to change its financial year-end from December 31 to Juna 30. Shareholders registered on November 4 will receive, if the merger goes through, a special dividend of 20 cents (12p) in compensation for the disparity between UCI's interim and final dividend payout ratios as compared with those of Sentrust.

Other details are that the merged company will be renamed Gencor Investment Corporation. The scheme will become operative on November 7 subject to a majority vote in favour by three-quarters of the votes exercisable.

October 21 is the last day for shareholders to be registered in order to vote at the Johannesburg meeting on October 25 and also the last day on which to lodge proxies. While there are always pros and cons to be considered, holders of Sentrust may see no hurry to accept; there could always be a revised offer.

In London yesterday UCI shares were £11¾ while those of Sentrust closed at 856p. At these levels Sentrust were slightly over-priced on the basis of the offer terms.

UK COMPANY NEWS

Molins warns of lower profits

THE DIRECTORS of Molins warn that pre-tax profits for the full year will now be below the £8.3m reported for 1982 and not "comparable" as was expected at the last annual meeting.

However, in spite of this they point out that liquidity and gearing will remain healthy.

Although sales for the first half of 1983 expanded from a restated £60.3m to £65.4m taxable profits were unchanged at £3.2m after same-again interest charges of £0.4m.

The tobacco machinery division pushed its share of profits up from £5.1m to £5.4m but losses from corrugated board machinery rose by £0.3m to £1.8m.

Present indications are that tobacco machinery profits for the full year will be somewhat lower than last year. The directors say this is due to continuing unsatisfactory trading situation et Deptford and to local economic conditions affecting customers of certain of the overseas operations.

They also expect that price competition for new machinery orders will continue materially to affect Langstons margins, and therefore its results, for the full year.

First half earnings emerged at 9.6p (8p) per 25p share after tax of £0.4m (£0.7m) and minorities last time of £0.1m. Attributable profits amounted to £2.8m, against £2.4m.

The interim dividend is the same ot 2.2p net—a final of 5.7p was paid in 1982.

Tobacco machinery profits from the UK operations in aggregate showed an increase over last year.

Profits from overseas tobacco operations in aggregate were somowhat lower than last year. The directors say the tobacco industry in many countries is being increasingly affected by the effect on their customers of increased tax on cigarettes and the shortage of currency in many developing countries.

They add that this is likely to influence purchases of new machinery in the short to medium term, and to intensify the existing fierce competition for sales of new machinery.

In the corrugated board machinery division there has been some improvement in market demand generally over the heavily depressed levol of recent years, and with the continuing good reception for its product range, Langston U.S. has increased its sales and order book.

However, there is still intense competition worldwide for new machinery orders, which has heavily depressed margins, the directors state.

The interim report reveals that the impact of these factors on Langston U.S., coupled with the effect on both its home and export markets of the strength of the U.S. dollar, was severe. Although this was mitigated in part by improvements in operating efficiency, including those resulting from the consolidation of its operations on one site at Cherry Hill, Langston incurred a "substantial loss" in the first half year.

The results for the corrugated board machinery business in total represent a reduction in the rate of loss incurred, as compared with second half of 1982. This was mainly due to the return of Langston Bristol to profitability.

● comment

Molins figures for the first half are disappointing. This is mainly due to a sharp drop in demand world wide for the company's tobacco manufacturing and packaging machinery. Customers are still waiting for the company to get its new Mark 10 cigarette making machine and SP1 Soft Packer fully on to stream. Langston, the U.S. corrugated machinery division continues to be a problem, the strong dollar has increased import penetration and turned market competition into a cut-throat affair in the first half. Sales volume was up but margins were slashed to the bone. However the underlying position of the whole group is strong. In the longer term, excluding tho UK, world consumption of tobacco products is expected to grow around 3-5 per cent a year and this should eventually feed through into demand for Molins' machinery. Estimates for full year profits have been scaled down in light of these results and a figure of £7.6m pre-tax seems appropriate. Yesterday the shares dropped 3p to 118p giving a prospective p/o ratio of over 9 fully taxed.

Charles Hurst

Charles Hurst, engaged in the sale, maintainance and repair of cars and commercial vehicles, reports that turnover for the first six months of 1983 increased from £30.64m to £38.75m.

After all charges, including tax of £78,500 (£7,000), the attributable balance emerged et £34,000 (£212,000). The results this time include extraordinary income of £83,000, being profit on sale of surplus properties and redemption of debentures.

Earnings per share for the half year to June 30 are given as 30.14p against 9.8p.

The interim dividend is increased by 0.67p to 2p net. Last year a final of 2.25p (1.65p) was paid from pre-tax profits of £493,000 (£103,000).

S. R. Gent meets forecast with £5.2m

IN LINE with the forecast made last June by S. R. Gent, when it obtained a full listing on the Stock Exchange, pre-tax profits amounted to £5.18m against £4.25m, for the year to the end of June 1983.

At the time of the offer for sale pre-tax profits were forecast at £5m. The directors said that no dividend would be paid for 1983, but that a total of 3p would be paid for the year to the end of Juno 1984.

Earnings per share for 1982-83 were given arising from 11.8p to 14.6p.

Turnover grew from £59.74m to £70.2m—the company has 17 manufacturing facilities in the UK, centred around Barnsley and for the year to the end of June 1982, 92 per cent of UK sales were to Marks and Spencer.

The company makes dresses, skirts, blouses, nightwear and leisurewear for ladies and children, and has recently introduced co-ordinated ladieswear, men's outerwear and household textiles.

Tho directors now say that the offer for sale raised £5m—proceeds were received after the year end and have had no effect on the figures.

The company has formed e new subsidiary in Canada which started operations in December 1982 to supply Marks and Spencer in that country.

In the offer for salo document the directors said the net proceeds would provide additional working capital and would strengthen the capital base, facilitating continued development.

Despite recession in the UK during 1980, the company continued its policy of expansion—turnover rose 44 per cent but margins were reduced at that stage. The benefits of expansion worked through in the year to the end of June 1982. In tho offer document the directors said that marketing expertise plus edvanced production facilities would help the company in the competitive markets in which it operates.

At the end of December 1982 shareholders' funds stood at £14.11m (£13.1m).

By June 1983 unsecured bank overdrafts stood at £1.02m, unsecured loans at £2.96m and leasing obligations at £1.93m.

Profits from related companies increased from £581,000 to £832,000. Net interest payable was reduced from £1.61m to £1.44m.

The tax charge of £359,000 (£367,000) is for tax on related companies only—the directors say that there is no tax charge on the profits of the company and subsidiaries because of capital allowances and stock relief for the current and prior years.

Substantial rise seen by Comfort

FOR THE current year the directors of Comfort Hotels International are looking for a "substantial increase" in profit over tho £1.28m pre-tax achieved in 1982. Buoyant trading has been experienced in recent weeks, they state.

The 28 weeks ended July 10 1983 has produced an advance in profit from £108,000 to £527,000, from turnover £1.44m higher at £14.36m. The second half of the year is the more profitable, the directors remind shareholders.

The transaction with Routestone has been finalised with the exception of the Curzon Hotel, which has been retained. The Eden Park and Hyde Park Towers Hotels were sold for £8.1m cash in mid-August.

Arrangements are being finalised to lease the Birmingham and Leicester International Hotels comprising some 420 rooms with extensive banqueting facilities and public areas. This is in continuance of the strategy to broaden the base of hotel operations both geographically and in terms of larger more modern hotels.

After tax £48,000 (£45,000), minorities £15,000 and extraordinary charges £126,000 this time, net profit ottributable came to £338,000 (£63,000). Earnings are shown ot 0.74p (0.12p) net per share and the interim is raised from 0.2p to 0.22p.

Strikes Restaurants, the subsidiary floated on the USM last March, has made a number of acquisition and is continuing to trade successfullyfi For the first 28 weeks this group has made a profit of £291,000 before tax of £79,000, and expects the figure for the year to exceed the £648,000 achieved in 1982.

The franchise operation is taking longer to establish itself than originally envisaged, but satisfactory progress should be made in 1984.

● comment

Property disposals and a decline in interest rates allowed Comfort to reduce its interest bill by £383,000, and left gearing at just over 80 per cent of sharesholders' funds—a useful reduction from the year-end level of 119 per cent. That means tho underlying trading improvement was fractional, so the market reacted coolly to almost quintupled earnings and only marked the shares up 1½p to 29½p. A recent improvement in trading conditions in the sector had in any case been largely discounted. Meanwhile, the group seems unworried by its high gearing, pointing out that debt is well backed by net assets of £18.5m. Nevertheless, the thinking behind the flotation of Strikes—to create another vehicle for group expansion plans—indicates a certain caution about strains on the balance sheet. It may be that Dayvilles will be the next Comfort offshoot to bob up on the USM. The usual seasonal increase in occupancy rates should see a final pre-tax put-turn of around £2.5m against £1.3m, which puts the shares on a prospective multiple of just over 9, assuming a 25 per cent tax charge.

FT share Information

The following securities have been added to the share Information Service:
Command Petroleum N.L. (Section: Oil and Gas)
SCUSA Inc (Electricals)
Westfort Petroleums (Oil and Gas)

NEW YORK STOCK EXCHANGE 26–28
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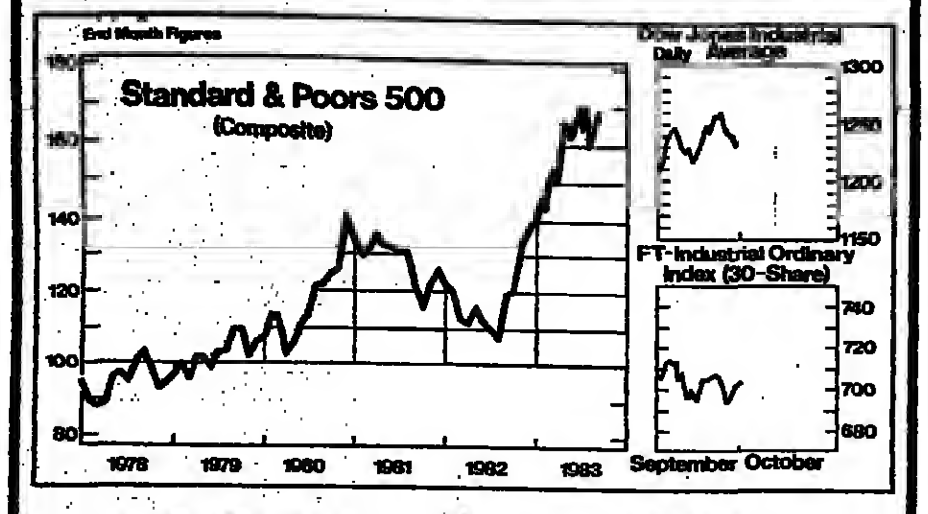
Dresdner issue links floating-rate and warrant formulae, Page 36

KEY MARKET MONITORS



STOCK MARKET INDICES

	Oct 3	Previous	Year ago
NEW YORK			
DJ Industrials	1231.30	1233.13	907.74
DJ Transport	560.79	561.58	365.03
DJ Utilities	135.12	134.68	115.91
S&P Composite	165.80	166.07	121.97
LONDON			
FT Ind Ord	703.7	702.6	570.6
FT-A All-share	444.81	445.53	355.82
FT-A 500	483.27	483.04	396.67
FT-A Ind	435.27	434.83	372.51
FT Gold mines	541.6	581.3	361.3
FT Govt secs	81.81	81.88	78.78
TOKYO			
Nikkei-Dow	9450.10	9402.59	6849.78
Tokyo SE	692.00	691.06	520.82
AUSTRALIA			
All Ord.	closed	718.0	500.4
Metals & Mins.	closed	568.2	391.0
AUSTRIA			
Credit Aktien	55.10	55.07	47.86
BELGIUM			
Belgian SE	130.97	131.69	100.33
CANADA			
Toronto Composite	2466.1	2499.5	1591.0
Montreal Industrials	441.81	449.5	289.58
Combined	419.39	425.54	274.63
DENMARK			
Copenhagen SE	196.20	196.93	90.53
FRANCE			
CAC Gen	139.5	139.7	98.6
Ind. Tendance	149.7	149.4	114.2
WEST GERMANY			
FAZ-Aktien	317.26	316.21	234.54
Commerzbank	940.50	939.0	708.2
HONG KONG			
Hang Seng	715.01	758.33	862.06
ITALY			
Banca Comm.	193.51	196.43	162.97
NETHERLANDS			
ANP-CBS Gen	142.1	143.1	87.3
ANP-CBS Ind	116.0	116.6	68.7
NORWAY			
Oslo SE	205.22	207.07	101.52
SINGAPORE			
Straits Times	962.84	979.35	658.97
SOUTH AFRICA			
Golds	748.1	809.9	658.2
Industrials	939.1	951.4	885.9
SPAIN			
Madrid SE	closed	116.62	98.72
SWEDEN			
J & P	1439.30	1456.56	666.28
SWITZERLAND			
Swiss Bank Ind	334.3	334.7	252.8
WORLD	Sept 29	Prev	Yr ago
Capital Int'l	180.5	181.5	133.1

GOLD (per ounce)

	Oct 3	Prev
London	$391.625	$408.875
Frankfurt	$391.125	$406.50
Zürich	$391.50	$407.50
Paris (fixing)	$394.20	$406.79
Luxembourg (fixing)	$393.25	$404.00
New York (Oct)	$390.90	$392.00

* Indicates latest pre-close figure

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Oct 3	Previous	Oct 3	Previous
$	–	–	1.484	1.497
DM	2.619	2.631	3.89	3.94
Yen	233.75	235.6	347.0	353
FFr	7.9675	7.9925	11.82	11.965
SwFr	2.109	2.1205	3.1325	3.1775
Guilder	2.929	2.9405	4.35	4.405
Lira	1587.50	1593.50	2355.50	2385.0
BFr	53.21	53.39	78.95	79.95
C$	1.23225	1.23225	1.827	1.8445

INTEREST RATES

	Oct 3	Prev
Euro-currencies (three month offered rate)		
£	9 9/16	9 11/16
SwFr	4 5/16	4⅜
DM	5⅞	5⅞
FFr	14⅝	14⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	9 9/16	9⅝
6-month U.S.$	9¾	9 13/16
U.S. Fed Funds	9⅝	10 1/16
U.S. 3-month CDs	9.15	9.30
U.S. 3-month T-bills	8.75	8.75

U.S BONDS

Treasury	Oct 3 Price	Oct 3 Yield	Prev Price	Prev Yield
10⅜ 1985	100 21/32	10.47	100 21/32	10.47
11½ 1990	100 14/32	11.37	100 14/32	11.37
11⅞ 1993	102 23/32	11.40	102 23/32	11.40
12 2013	104 2/32	11.44	104 2/32	11.44
Corporate	**Oct 3 Price**	**Oct 3 Yield**	**Prev Price**	**Prev Yield**
AT & T				
10⅜ June 1990	94⅝*	11.60*	94	11.70
3⅜ July 1990	69½*	10.25*	69½	10.25
8¾ May 2000	77⅛*	11.95*	76½	12.05
Xerox				
10¼ March 1993	93⅛*	11.85*	92.61	11.95
Diamond Shamrock				
10⅜ May 1993	92*	12.05*	91½	12.15
Federated Dept Stores				
10⅜ May 2013	12.10*	88.173*	88	12.12
Abbot Lab				
11.8 Feb 2013	12.10*	95.559*	97⅛	12.14
Alcoa				
12⅛ Dec 2012	12.60*	97.263*	12.60	97.26

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	72–18	72–28	72–12	72–25
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.07	91.13	91.04	91.13
Certificates of Deposit (IMM) $1m points of 100%				
December	90.47	90.54	90.46	90.54
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.35	90.41	90.32	90.36
20-year Notional Gilt £50,000 32nds of 100%				
December	107–05	107–11	106–24	107–08

COMMODITIES

(London)	Oct. 3	Prev
Silver (spot fixing)	698.20p	751.10p
Copper (cash)	£954.75	£990.50
Coffee (Sept)	£1841.50	£1818.50
Oil (spot Arabian light)	$28.37	$28.45

WALL STREET

Unnerving memories of massacres

SENTIMENT appeared somewhat nervous on Wall Street as yesterday's trading session unfolded and although stock prices rallied from an early setback, investment support was lacking, *writes Terry Byland in New York.*

The major institutional investors appeared unsettled by the halting of foreign exchange sales in Argentina and by further indications of a break in gold and commodity prices on world and U.S. markets.

Bond markets trod water ahead of today's meeting of the Federal Reserve Board's Open Market Committee, although the consensus view in the market was that the Fed would probably leave policy unchanged for the present.

The stock market opened with widespread falls throughout the range, accompanied by gloom-ridden murmurs of "another October massacre" – October has a murky history on Wall Street going all the way back to 1929. The market's nervousness also reflected the ending last week of the third fiscal quarter when stock prices often benefit from reshuffling of portfolios as fund managers brace themselves for the year end.

Stock prices quickly rallied from their early falls but the rest of the session proved somewhat erractic. Prices fell away again in the early afternoon before a closing rally which still left the market on the downside.

The Dow Jones Industrial average, having dipped to 1,222.36 at one point, ended a net 1.83 off at 1,231.30 on moderate turnover of 77.2m shares traded. Shares with losses totalled 944, compared with 639 with gains.

Falls in world metal market prices, and in New York quotations for gold and silver bullion brought sharp setbacks in producer issues. Among the North American mining issues, Homestake Mining, a major producer of gold and base metals, dipped by $1¾ to $27⅞, and International Nickel, the world's biggest nickel producer, slipped by $⅞ to $15⅞. ASA, the closed-end South African investment company popular with U.S. investors, lost $2⅛ to $54⅞.

Losses in South African gold mining stocks, quoted in New York in the form of American Depository Receipts, included Buffelsfontein, $3 off at $48¾ and Western Deep Levels $3¾ off at $45½.

But the setback in bullion prices was seen on Wall Street as perhaps only part of the downturn over the past four trading days in prices for other commodities, notably oil and heating oil. This is in turn seen as a response to indications that the U.S. economic upturn may now be slowing down.

A break in commodity prices would be neutral for stocks at the moment, said Mr Steven Kroll, vice-president at Hutton Asset Management, "but it could mean an explosion in the bond market."

Early falls among the high-technology issues were cut back, and IBM edged forward by $¼ to $128⅛, within hailing distance of its recent high point.

Pharmaceutical issues provided a firm spot, led forward by Pfizer, $1⅜ up at $41⅜ and Bristol-Myers, $1½ better at $42⅞.

The hope that profits will benefit from Federal permission for retirement funds to invest in their high interest accounts pushed bank shares ahead. Chase Manhattan at $48¾ added $¼ and Continental Illinois $⅛ to $23.

Airline issues remained nervous after the recent developments at Continental and Eastern. United dipped $⅜ to $28¼ and Delta $⅛ to $35⅛. Only American at $28¾ resisted the trend with a gain of $¾.

Credit markets refused to be unsettled by Friday's disclosure of a rise in M1 money supply. The Federal Reserve helped the mood with a three-day system repurchase arrangement, but Federal Funds remained obstinately high at 9⅝ per cent – although better than Friday's 10.38 per cent.

Three-month bills opened at 8.69 per cent and barely moved during the morning, with the six-month bills following a similar pattern to show a discount of 8.86 per cent. The benchmark long bond opened a shade lower at 104 21/32 and then also remained inactive, showing a yield of 11.44 per cent.

EUROPE

Backdrop of budgetary adjustments

TERMS OF 1984 national budgets being set by the Italian, Belgian and Swiss governments overshadowed trading in those countries yesterday while centres elsewhere produced a mixed to lower showing, largely failing to respond to the stimulus of a weaker U.S. dollar.

Light Milan selling was absorbed with difficulty as a rethink on the tough measures proposed on Friday to curb Italy's budget deficit led to less comfort being drawn from the absence of a feared wealth tax and more emphasis being put on items such as the L4,500bn ($2.8bn) on the way in corporate tax increases.

Among the industrial leaders badly affected were Fiat, off L44 to L3,030; Snia Viscosa, L15 down at L1,145; Olivetti, L61 weaker at L3,299; and Italcementi, which at L46,900 was L700 lower.

Banks stood up well, but insurers showed Generale off L975 at L144,000 while RAS shed L875 to L147,100.

Tax-exempt government securities were firm and more actively traded than either stocks or corporate bonds.

An easier Zurich opening – which came in tandem with a wider budget deficit planned for next year, at SwFr 1.16bn ($547m) against the SwFr 971m foreseen for this year – was later offset by a better world interest rate outlook, and the result on the day was firm.

Industrials were still prone to weakness, however, and Alusuisse dipped SwFr 17 to SwFr 740 as base metal prices followed gold lower.

A sharp dividend cut by Adia, the employment agency which has been among the most active and volatile of secondary Swiss issues, this time had been discounted in advance and it firmed SwFr 10 to SwFr 1,430.

Domestic bonds continued higher but in slower volume attributed mainly to a lack of material on offer.

An accord within the ruling Belgian coalition last Friday on an austerity budget, which at the same time encourages a repatriation of capital, proved no immediate incentive in **Brussels** as the Belgian franc touched a new low against the D-Mark.

Dealers nonetheless expected an improvement both in prices and turnover in the next few days as the proposals came under scrutiny.

Limited **Frankfurt** gains were achieved on a selective basis, with analysts' forecasts for the new Siemens year bringing overseas interest and a DM 3.60 rise to DM 351.50, while Hoechst dividend hopes brought a DM 1.40 gain to DM 158.60. Linde was notable in a weak engineering sector with a DM 9.50 slide to DM 379.

Dresdner Bank held at DM 172 on its plans to offer $400m in floating rate notes with share warrants. Public sector bond prices gained up to a quarter-point, allowing the Bundesbank to sell DM 27m in paper.

Dutch internationals were the weakest in **Amsterdam**, where oil pricing uncertainties pulled Royal Dutch Fl 2.50 lower at Fl 133.30. Of the banks ABN slipped Fl 4.50 to Fl 365.50, while government bonds showed a firmer bias.

An active but narrowly mixed **Paris** showed Roussel-Uclaf FFr 9 off at FFr 539 and Bancaire FFr 11 ahead at FFr 342. Creusot Loire was suspended at FFr 61.50 ahead of a pending reshape.

Dwindling **Stockholm** volume left prices easier, with Astra SKr 25 down at SKr 640 and Skandia off SKr 10 at SKr 315, while in **Oslo** Norsk Data shed NKr 12.50 to NKr 242.50.

TOKYO

Wariness proves the watchword

THE BULLISH tone of last week was still evident in Tokyo yesterday morning, but share prices eased off later as investors became wary of the high prices, *writes Shigeo Nishiwaki of Jiji Press.*

Soon after the opening, the Nikkei-Dow market indicator stood 24.09 up on Saturday's session, when it had closed at a new high of 9,446.32. However, it finished the day only 3.78 higher at 9,450.10, still another all-time high.

Volume shrank from 312.37m shares to 286.09m, however, and a total of 293 share losses offset the 328 gains, indicating that the market is losing some impetus. A total of 159 shares remained unchanged.

The issue most heavily traded was Mitsubishi Heavy Industries (MHI) with 31.27m shares, followed by Nihon Nosan Kogyo with 16.81m and Sato Kogyo with 8.79m.

Amid the dollar's drop to the Y233 level at one point, investors sought oil stocks in the morning. But these issues shed their gains later as the U.S. currency strengthened.

Nippon Oil, which had been in investor favour since early last week, temporarily gained Y10 over Saturday's level, but closed Y30 lower at Y1,230. Toa Nenryo also finished Y30 lower at Y1,260 after a Y20 rise.

By and large, blue chips eased off with the exception of NEC and Toyota, which advanced Y10 each to Y1,410 and Y1,260 respectively. Fuji Photo dropped Y20 to Y2,350, Hitachi Y2 to Y895, Matsushita Electric Industrial Y20 to Y1,700 and Sony Y40 to Y3,730.

In the afternoon a cautious mood prevailed, pushing prices down in general. However, MHI advanced Y10 to Y270 on expectation of recovery in its business.

Bond prices firmed, but leading securities houses said the market was acquiring an increasingly strong tinge of speculation.

Selling by city, regional and trust banks continued, but city banks also placed buy orders, with yields fluctuating rapidly in line with the moves of the yen-dollar exchange rate. The yield on 7.5 per cent government bonds maturing in January 1993 declined from 7.69 per cent at the weekeod to 7.66 per cent.

Leading brokerage houses said city banks and institutional investors had rapidly alternated between buying and selling in order to reap what small profits were achievable.

HONG KONG

CHARGES OF theft against two leading executives of the Carrian property group and a weaker Hong Koog dollar forced share prices lower in Hong Kong yesterday, leaving the Hang Seng index 43.32 lower at 715.01.

Renewed anxiety over the future of the colony soured sentiment further and saw Jardine Matheson drop HK$1 to HK$8.05 Swire Pacific "A" 70 cents off at HK$11.30 and Hutchison Whampoa 20 cents weaker at HK$8.50.

SINGAPORE

CAUTION turned to pessimism in Singapore yesterday as most stocks turned broadly lower on technical weakness, poor company results and nervous forecasts over trends for October. The Straits Times Industrial index closed 16.51 lower at 962.84.

Pan Electric was the most heavily traded stock ending 6 cents lower at S$3.30.

SOUTH AFRICA

THE SLUMP in the bullion price forced gold shares sharply lower in **Johannesburg** with some losing up to 10 per cent of their value.

Heavyweight President Brand plunged R5 to R43.50 with Randfontein R12.50 weaker at R136. Platinums were caught in the fray while industrials were quietly lower.

AUSTRALIA

A LACK of demand in thin trading moved **Melbourne** prices easier yesterday. Metal minings and industrials were noticeably weaker and the All Ordinaries index closed 6.5 off at 711.5. The market holiday in **Sydney** was a further depressant to turnover and sentiment.

CANADA

THE resource-based **Toronto** was hard hit by gold's weakness, with base metal issues marked down accordingly and no switch into other areas identified.

Montreal showed similar widespread weakness

LONDON

Focus on foreign features

RENEWED weakness in South African gold shares and Hong Kong securities yesterday featured London stock markets on the first day of a new account. Clearing bank base rate cuts of ½ to 9 per cent failed to enliven equities or gilts, but the FT 30-share index, down 1.7 at 10am closed up 1.1 at 703.7.

Gold shares plummeted further in the continued absence of support in sympathy with the sliding gold bullion price and the FT Gold Mines index, down 60.8 over the previous two weeks, dropped 39.7 to 541.6.

Hong Kong stocks traded in London fell sharply in the wake of the fresh 43 point in the Hang Seng index.

Clearing banks tumbled in the wake of the base rate cuts, world debt worries and concern about tax impositions in the next budget. Irish oil exploration stocks remained in the limelight, attracting fresh speculative support, while Eagle Star again featured in insurances on continued speculation about Allianz's near-30 per cent stake in the group. *Details, Page 29; Share Information Service, Pages 30–31.*

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17⅞	6¾	AAR	.44	2.9	20	19	15⅜	15⅛	15¼	+ ⅛
52⅝	29½	ACF	1.40	2.8	64	755	50¼	49½	50	
20	14½	AMF	.50	2.9		1202	17⅜	15¾	17¼	+ ⅝
38¼	13⅞	AMR Cp			42	5985	28⅞	27	28¼	+ ⅛
18½	14½	AMR	pf2.18	12.		76	18½	18⅛	18⅜	+ ⅛
36⅝	24⅞	AMR	pf2.13	6.6		217	32¼	21	32¼	+1
15¼	2½	APL			31	110	14¾	14½	14¾	− ⅛
55	81⅜	ARA	2.05	4.8	13	130	52¼	51¼	51½	− ½
79¾	43¼	ASA	3a	8.8		1906	55¼	54	54⅜	−2¼
33¼	8⅞	AVX	s .32	1.1	68	83	28¼	27⅞	27⅞	+ ¼
61¼	34¼	AbtLab	1	2.0	19	1180	49⅝	48¾	49	+ ⅜
30⅝	24	AccoW	s .50	2.8	19	107	25⅜	26	25	− ⅛
27½	16¾	AcmeC	.40	1.8		17	23	22¼	22¼	
14⅜	7⅛	AcmeE	.32b	2.9	278	6	11⅝	10⅞	11⅜	
21¼	8	AdmDg	.04	.2	13	32	u22	21½	22	+ ⅜
17⅞	14⅜	AdaEx	1.73e	10		x50	17⅜	17⅛	17⅛	− ⅛
19¾	6¼	AdmMl	.24	1.3	9	79	17⅜	17⅜	17⅜	− ¼
18⅝	6⅜	Advest	s .12	.8	8	151	14½	14⅜	14⅜	+ ⅜
34⅞	10⅝	AMD			65	2270	30	28⅞	30	+1
24⅝	12½	Agnlx	s		18	25	18¼	17¼	18¼	+ ¼
44⅞	32⅞	AetnLf	2.64	7.1	7	1217	37	36⅝	37	+ ⅜
65	52⅝	AetL	pf5.18e	8.9		1043	57	58⅜	58½	
40½	14⅞	Ahmns	.80	2.9	17	614	30¼	29¾	30	− ⅜
7⅜	2½	Aileen				115	4⅜	4¼	4⅜	+ ⅜
51	28⅜	AirPrd	1	2.1	14	504	45⅜	47½	45½	+ ¼
27¼	12⅞	AirbFrt	.80	2.5	24	25	24⅛	23¾	23¾	− ¼
2½	1½	AlMoa	s		17	32	2	1⅞	1⅞	− ⅛
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 27

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

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NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

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Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

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NEW YORK CLOSING PRICES

Continued from Page 27

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CANADA

(Closing Prices) Stock	Oct 3	Varn.
AMCA Int.	22¼	-
Abitibi	24	-½
Agnico Eagle	15½	-1⅛
Alberta Energy	19⅞	-⅝
Alcan Alumn	44½	-
Algoma Steel	31	-
Asbestos	11½	-
Bk Montreal	28¾	+⅛
Bk Nova Scotia	43¼	-⅛
Bell Canada	23⅞	+⅛
Bombardier A	15¾	-
Bow Valley	26	-¾
B.P.Canada	-	-
Brascan A	38	-½
Brinco	3.2	-0.2
B. C. Forest	11	-⅛
CIL Inc	29¾	-
Cadillac Fairv.	8½	-⅜
Can Cement	-	-
Can NW Energy	26	-½
Can Packers	25¼	+½
Can Trustco	43½	-½
Can Imp Bank	32⅛	-⅜
Canadian Pacific	47¾	-1
Can. P. Ent.	22⅝	-⅜
Can Tyre A	60	-1
Carling O'Kfe	22⅞	+⅛
Chieftain	27	-1⅜
Cominco	59¾	-1
Cons Bathst A	23	+⅛
Coseka Resources	3.85	+0.1
Costain	18	-
Denison Mines	48½	-⅛
Dofasco	50	-1
Dome Mines	15½	-1⅛
Dome Petroleum	4.85	-0.18
Dominion Strs.	20⅛	-¾
Domtar	28	-⅛
Falconbridge	75½	-1½
Genstar	28⅛	-⅛
Giant Y'knife	21½	-2⅜
Gt West Life	250	-
Gulf Canada	18½	-½
Hawk Sid Can	17¼	-⅛
Hudson's Bay	23	-⅞
Husky Oil	11⅝	-⅛
Imasco	32⅝	-¾
Imp Oil A	38½	-
Inco	18⅛	-1⅛
Indal	11⅝	+⅛
Interpr Pipe	29	-1
LAC Minerals	-	-
Macmil Bloedel	28⅞	+⅛
Marks & Spencer	13¼	-
Massey-Ferg	8⅛	-⅛
McIntyre Mines	40⅞	-2⅛
Mitel	17¼	+⅛
Moore Corp	58	-½
Nat. Sea Prods A	8½	-
Noranda Mines	25¼	-⅝
Norcen Oil	25⅜	-½
Nova Alberta	1⅝	-⅛
Nthn Telecom	54⅞	+⅜
Oakwood Pet	10⅛	-⅜
Pancanadian Pet	28⅞	-⅛
Patino	35	-
Placer Devt	24	-½
Power Corp Can	18.62	-
Quebec Sturgeon	8½	-1
Ranger Oil	12⅛	-⅝
Reed Stenhse A	14	+⅛
Rio Algom	18¾	-
Royal Bank	32	-⅛
Royal Trustco A	27	-¼
Sceptre Res	6⅜	-⅛
Seagram	43⅞	-⅛
Simpsons Sears A	-	-
Shell Can Oil	27⅝	-⅝
Stelco	28¼	-¼
Teck B	13⅛	-⅜
Texaco (Canada)	38½	-¾
Thomson News A	37	-
Toronto Dom Bank	17⅞	-⅛
Transalta A	20¾	-
Trans. Can. Pipe	28	+½
Walker Hiram	25½	+⅛
Westcoast Trans	14⅞	-
Weston (Geo)	60½	-¾

AUSTRIA

Oct. 0	Price Sch%	+ or —
Creditanstalt	611	....
Goesser	327	....
Interunfall	419	+9
Landerbank	911	—1
Perlmooser	348	+1
Steyr Daimler	152	....
Veitscher Mag	207	—1

BELGIUM/LUXEMBOURG

Oct. 0	Price Frs.	+ or —
ARBED	1,366	+9
Banq Int A Lux	4,650	....
Bekaert B	3,900	+20
Ciment BR	2,045	—5
Cockerill	155	—1
Delhaize	4,695	+5
EBES	2,280	—20
Electrobel	6,310	—10
Fabrique Nat	2,450	....
G.B.L. Inno	2,950	—5
FBL (Brux)	2,340	....
Gevaert	2,490	—10
Hoboken	4,695	—119
Intercom	1,850	+10
Kredietbank	8,340	....
Pan Hldgs.	9,150	....
Petrofina	5,920	—20
Royale Belge	7,160	+50
Soc. Gen. Banq	2,800	—80
Soc. Gen. Belge	1,865	—35
Sofina	5,270	+90
Solvay	3,345	....
Traction Elect	3,285	—110
UCB	3,900	—80
Vieille Mont	3,355	—25

DENMARK

Oct. 0	Price Knr %	+ or —
Aarhus Olie	495	....
Andelsbanken	304	—1
Baltica Skand	545	+0
CopHandelsbank	274	—2
D. Sukkerfab	770	....
Danske Bank	300	....
East Asiatic	183	—5
Forende Brygg	1,160	....
Forende Damp	188	+3
GNT Hldg	525	....
I.S.S.B.	695	....
Jyske Bank	648	....
Novo Ind.	3,385	....
Privatbanken	294	—4
Provinsbanken	300	....
Smidth (Fl)	262	—5
Sophus Berend	960	+0
Superfos	355	....

FRANCE

Oct. 3	Price Frs.	+ or —
Emprunt 4½% 1973	1,920	—33
Emprunt 7% 1973	9762	—152
CNE 3%	5,020	+45
Air Liquide	476	—6
BIC	650	—15
Bouygues	703	—7
BSN Gervais	2,075	—19
CIT-Alcatel	1,319	—5
Carrefour	1,380	—10
Club Mediter'n	575	—4
CFAO	527	—8
Cie Bancaire	342	+11
Cofimeg	179.5	+1.6
Creusot Loire	61.5	....
Darty	694	+1
Dumez	926	—23
Eaux (Cie Gen)	373	—1.5
Elf-Aquitaine	174.1	—3.7
Gen. Occidental	638	—12
Imetal	68.1	—0.1
Lafarge Coppee	284	—3.8
L'oreal	2,002	—23
Legrand	1,900	+30
Maisons Phenix	380.3	+0.1
Matra	1,900	+30
Michelin B	791	—19
Midi (Cie)	1,168	—6
Moet-Hennessy	1,355	....
Moulinex	89.2	—0.3
Nord Est	85.9	—1.1
Pernod Ricard	855	—19
Perrier	365	—1.8
Petroles PB	155.2	—0.9
Peugeot-SA	207	—3
Poclain	80.2	+0.2
Printemps Au	114	+4
Radiotech	421	+2
Redoute	1,138	+2
Roussel-Uclaf	539	—9
Schneider	118.5	....
Sefimeg	930	—2
Skis Rossignol	1,190	+19
Telemech Elect	1,130	—10
Thompson (CSF)	186	+5
Valeo	284	+1.5

GERMANY

Oct. 3	Price Dm.	+ or —
AEG-Telef	83.5	—1.6
Allianz Vers.	646	+4
BASF	161.9	+1.1
Bayer	162.8	+1.3
Bayer-Hypo	274	+1
Bayer-Verein	312.5	+9.5
BHF-Bank	274.5	—0.5
BMW	380.5	....
Brown Boveri	214	—3.5
Commerzbank	165.2	—2.3
Conti Gummi	113	—0.5
Daimler-Benz	580	+9.5
Degussa	362	+2.5
Demag	150	....
D'sche Babcock	180	+4
Deutsche Bank	302	—0.5
Dresdner Bank	178	....
GHH	145.5	+1.3
Hochtief	425	—5
Hoechst	158.5	+1.4
Hoesch Werke	98.5	+2.5
Holzmann(P)	412	—3
Horten	156	+4
Kali und Salz	211.5	—0.5
Karstadt	259	—1
Kaufhof	241.5	+1.5
KHD	256	—2
Kloeckner	38.9	+0.1
Krupp	76	—1
Linde	379	—9.5
Lufthansa	125.8	+8.8
MAN	143.5	—1.5
Mannesmann	134.2	—0.6
Mercedes Hld	502	+2
Metallgesell	195	....
Muench Rueck	795	....
Preussag	264.5	—0.5
Rhein West Elect	170	+1.7
Rosenthal	306	....
Schering	346	+0.1
Siemens	361.5	+3.6
Thyssen	72.7	+0.5
Varta	167	+0.5
Veba	170	+1.7
V.E.W.	118.5	—1
Verein-West	309	—2
Volkswagen	217.2	+0.2

ITALY

Oct. 0	Price Lire	+ or —
Banca Com'le	28,400	—600
Bastogi-IRBS	207	—6
Centrale	1,751	—58
Credito Varesino	4,230	....
Fiat	3,030	—44
Finsider	40	—4
Generale (Assic)	144,000	—975
Invest	3,806	—35
Italcementi	46,900	—700
Montedison	196.4	—5.5
Olivetti	3,299	—61
Pirelli Co	2,681	—69
Pirelli Spa	1,570	—0
Snia Viscosa	1,145	—15
Toro Assic	11,450	+30
do. Pref	8,890	+40

NETHERLANDS

Oct. 3	Price Fls.	+ or —
ACF Holding	163.0	+1.0
Ahold	182.0	+1.0
AKZO	79.1	—0.2
ABN	365.5	—4.5
AMEV	135	—0.8
AMRO	62.1	—0.7
Bredero Cert	180	+2
Boskalis Westm	47.5	....
Buhrmann-Tet	48.8	—0.2
Caland Hldgs	34.5	—0.2
Credit Lyon'ls Bk	46.8	+0.3
Elsevier-NDU nv	407	—8
Ennia	156.5	0.7
EuroCom Tst	102	....
Gist. Brocades	154.5	....
Heineken	135.3	—0.7
Hoogovens	35.1	—0.5
Hunter Douglas	18.4	+0.1
Int-Muller	87.0	—0.3
KLM	148.5	—1.4
Naarden Intl	43.3	—0.1
Nat Ned Cert	175.0	—0.6
Ned. Credit Bank	32.3	—0.3
Ned Mid Bank	155.8	+0.8
Nedlloyd	94.1	—0.9
Oce Grinten	215	—1.9
Ommeren (Van)	30.6	—0.1
Pakhoed	37.8	+0.2
Philips	46	—0.7
Rijn-Schelde	3.4	—0.1
Robeco	316.5	—2.5
Rodamco	127.7	+0.1
Rolinco	305	—3.7
Rorento	195.4	+0.3
Royal Dutch	133.3	—2.3
Unilever	329.9	—1.3
VMF Stork	76.5	—0.5
VNU	116.5	—4.5
West Utr Bank	103.3	—1.3

NORWAY

Oct. 3	Price Kroner	+ or —
Bergens Bank	125.5	+0.5
Borregaard	162.5	+1.8
Christiania Bk	128.6	....
Creditbank	142	+1
Elkem	118	....
Norsk Data	242.5	—12.5
Norsk Hydro	530	—5
Storebrand	173.0	....

SPAIN

Sept. 30	Price Peseta	+ or —
Bco Bilbao	246	....
Bco Central	258	....
Bco Exterior	212	+2
Bco Hispano	202	....
Bco Santander	233	....
Bco Vizcaya	297	....
Dragados	127	—3
Hidrola	45.0	—0.5
Iberduero	40.0	+0.5
Petroleos	89.0	+0.5
Telefonica	88	....

SWEDEN

Oct. 3	Price Kronor	+ or —
AGA	346	—1
Alfa-Laval	275	....
ASEA (Free)	360	....
Astra (Free)	640	—25
Atlas Copco	112	—1
Boliden	405	—15
Cardo	395	—10
Cellulosa (Free)	168xa	—8
Electrolux B	233	—3
Ericsson	426	—6
Esselte (Free)	311	....
Fagersta	400	....
Mo Och Domsjo	327	+2
Pharmacia(Free)	403	—25
Saab-Skania	242	—4
Sandvik B (Free)	345	—5
Skandia	315	—10
Skan Enskilda	305	+3
SKF B	168	—3
St. Kopparberg	536	—10
Sven Handelsbn	175	+1
Swedish Match	223	—6
Volvo B (Free)	425	—7

SWITZERLAND

Oct. 3	Price Frs.	+ or —
Alusuisse	740	—17
Bank Leu	4,325	—25
Brown Boveri	1,200	....
Ciba Geigy	2,020	+20
do. (Part Certs)	1,640	+16
Credit Suisse	2,100	+10
Elektrowatt	2,880	—30
Fischer (Geo.)	611	+1
Genevoise	3,500	....
Hoff-RochePtCts	89,000	—750
Hoff-Roche 1/10	8,800	+25
Jacobs Suchard	6,000	....
Jelmoli	1,690	....
Landis & Gyr	1,420	+20
Nestle	3,985	—5
Oer-Buehrle	1,220	....
Pirelli	263	+1
Sandoz(Br)	6,550	+25
Sandoz (PtCts)	1,000	+10
Schindler (PtCts)	460	....
Swissair	842	—3
Swiss Bank	304	+9
Swiss Reinsce	6,700	....
Swiss Volksbk	1,385	—5
Union Bank	3,150	+10
Winterthur	2,775	....
Zurich Ins	16,700	+200

AUSTRALIA

Sept. 30	Price Aust. $	+ or —
ANZ Group	5.4	—0.05
Acrow Aust	1.20	....
Alliance Oil D.	1.03	+0.01
Ampol Pet	1.92	+0.04
Aust Cons Ind	1.7	+0.08
Aust. Guarant	2.45	....
Aust. Nat. Inds	2.75	....
Aust. Paper	2.20	+0.01
Bond Hldgs	1.35	—0.07
Boral	3.2	—0.18
B'ville Copper	2.3	—0.05
Brambles Inds	2.92	+0.02
Bridge Oil	3.35	+0.05
BHP	12.2	+0.05
CRA	5.78	+0.02
CSR	3.23	—0.18
Carlton & Utd	9.98	—0.05
Castlemaine	4.10	....
Coles (G.J.)	3.48	....
Comalco	3.1	....
Consolidated Pet	0.56	—0.01
Costain	1.43	....
Dunlop	1.42	—0.03
E.Z. Ind	3.10	....
Elders IXL	4.35	—0.15
Energy Res	1.85	+0.05
Gen Prop Trust	1.85	....
Griffin Coal	6.3	....
Hardie (J.)	4.05	—0.05
Hartogen Energy	3.00	....
Herald W'y Times	3.00	+0.05
ICI Aust	2.00	....
Jimb'lana(50cFP)	0.80	....
Kia Ora Gold	9.26	....
Lend Lease	3.00	....
MIM	3.95	—9.08
Mayne Nickless	2.93	+0.01
Meekatharra	1.5	+0.05
Myer Emp	1.52	—0.18
Nat.Com.Bk.	3.33	—0.02
News	2.3	....
Nicholas Kiwi	2.75	....
North Bkn Hill	3.46	—0.05
Oakbridge	1.23	—0.02
Otter Expl	0.90	....
Pancon	1.62	—0.05
Pioneer Conc	1.3	+0.02
Reckitt & Coln	2.55	—0.05
Repco	1.22	+0.05
Santos	6.1	—0.02
Smith (H.)	3.9	—0.05
Southland Min'g	0.3	—0.03
Spargos Expl	0.53	—0.02
Thos. Natwide	1.88	—0.02
Tooth	4.3	....
UMAL Cons	2.32	—0.03
Vamgas	3.72	—0.08
Western Mining	4.25	—0.70
Westpac	3.4	—0.05
Woodside Petrol	1.44	—0.01
Woolworths	9.48	....
Wormald Intl	2.98	—0.02

HONG KONG

Oct. 3	Price H.K.$	+ or —
Bank East Asia	16.0	—1.7
Carrian Invest	0.87	....
Cheung Kong	6.5	....
China Light	10.8	—0.5
Hang Lung Devel	1.48	....
Hang Seng Bank	32.50	....
HK Electric	4.65	—0.25
HK Kowloon Wh	2.75	—0.5
HK Land	2.32	—0.18
HK Shanghai Bk	5.55xa	—0.3
HK Telephone	29	—0.3
Hutchison Wpa	8.5	—0.8
Jardine Math	8.05	—1
New World Dev	2.2	—0.07
Orient O'seas	2.35	—0.1
O'seas Trust Bk	2.7	+0.13
SKH Props	4.3	—0.35
Swire Pac A	11.3	—0.7
Wheel'k Mard A	2.85	—0.17
Wheel'k M'time	1.76	....
World Int. Holdgs	1.2	—0.02

JAPAN

Oct. 3	Price Yen	+ or —
Ajinomoto	1,000	—20
Alps Electric	8,390	—39
Amada	834	+13
Asahi Chem	386	+1
Asahi Glass	643	—5
Bridgeston	508	+3
Canon	1,420	—10
Casio Comp	1,500	—20
Chugai Pharm	1,130	+10
Citizen	625	—8
Daiei	526	....
Dai Nippon Ptg	895	+12
Daiwa House	550	+22
Ebara	326	+4
Eisai	1,430	+29
Fanuc	7,600	—50
Fuji Bank	500	....
Fuji Film	2,350	—20
Fujisawa	893	+13
Fujitsu	1,390	....
Green Cross	1,760	—30
Hasegawa	474	+11
Heiwa Real Est	819	—7
Hitachi	895	—9
Hitachi Credit	1,970	—30
Honda	640	....
House Food	969	+4
Hoya	1,240	....
Itoh (C)	313	+11
Ito-Yokado	1,460	+30
Iwatsu	1,620	+60
JACCS	355	—5
JAL	8,320	....
Jusco	770	+1
Kajima	335	+11
Kao Soap	609	+4
Kashiyama	647	+8
Kirin	423	—3
Kokuyo	849	—1
Komatsu	494	—4

JAPAN (continued)

Oct. 3	Price Yen	+ or —
Konishiroku	537	—2
Kubota	325	+3
Kumagia	460	+19
Kyoto Ceramic	7,550	—10
Maeda Const	520	+5
Makino Milling	1,160	—80
Makita	1,230	+30
Marubeni	092	+10
Marudai	600	—5
Marui	1,090	—50
MEI	1,700	—80
M'ta Elec Works	586	....
M'bishi Bank	500	....
M'bishi Corp	538	....
M'bishi Elec	427	+1
M'bishi Estate	490	+4
MHI	270	+10
Mitsui Co	385	+4
Mitsui Estate	710	—1
Mitsukoshi	355	—18
NGK Insulators	595	—0
Nihon Cement	197	+5
Nippon Denso	1,550	....
Nippon Elect	1,410	+10
Nippon Express	301	....
Nippon Gakki	545	....
Nippon Kokan	154	....
Nippon Oil	1,230	—30
Nippon Seiko	569	—1
Nippon Shinpan	706	+8
Nippon Steel	152	—1
Nippon Suisan	328	—1
NTV	6,800	....
Nippon Yusen	262	—4
Nissan Motor	684	+4
Nisshin Flour	439	—18
Nisshin Steel	145	....
Nomura	733	—14
Olympus	1,210	—20
Omron Tateisi	1,650	—30
Orient Leasing	2,700	....
Pioneer	3,080	+20
Renown	650	+3
Ricoh	253	—7
Sankyo	775	+5
Sanyo Elect	473	+16
Sapporo	375	—4
Sekisui Pre'fab	615	....
Seven-Eleven	5,530	+60
Sharp	1,380	—10
Shimadzu	527	....
Shinogi	828	+2
Shiseido	1,080	+20
Sony	3,730	—40
Stanley	743	—6
S'tomo Elect	645	+2
S'tomo Marine	254	—1
S'tomo Metal	152	—1
Taihei Dengyo	560	+1
Taisei Corp	225	+2
Taisho Pharm	920	—10
Takeda	769	—8
TDK	4,950	—100
Teijin	372	—4
Teikoku Oil	860	—10
Tokio Marine	481	—3
TBS	753	—0
Tokyo Elect Pwr	1,040	+10
Tokyo Gas	197	+2
Tokyo Sanyo	590	—2
Tokyo Style	850	....
Tokyu Corp	010	—1
Toppan Print	819	+8
Toray	415	—6
Toshiba	373	....
TOTO	493	+5
Toyo Seikan	502	—8
Toyota Motor	1,260	+19
Victor	2,980	+40
Wacoal	680	+10
Yamaha	405	....
Yamanouchi	1,690	....
Yamazaki	843	—43
Yasuda Fire	038	+3
Yokogawa	461	+1

SINGAPORE

Oct. 3	Price $	+ or —
Boustead Bhd	2.79	—0.08
Cold Storage	5.4	—0.1
DBS	9.6	—0.2
Fraser & Neave	6.1	—0.15
Genting	4.64	—0.12
Haw Par	2.23	—0.07
Inchcape Bhd	2.98	—0.12
Malay Banking	9.85	—0.1
Malay Brew	5.6	—0.3
OCBC	10.7	—0.2
OUB	4.4	—0.02
Sime Darby	2.37	+0.06
Straits St'mship	1.23	....
Straits Trdg	6.55	—0.05
UOB	5.3	—0.1

SOUTH AFRICA

Oct. 3	Price Rand	+ or —
Abercom	2.75	—0.05
AE & CI	9.5	....
Anglo Am Coal	27.5	....
Anglo Am Corp	20.9	—1.1
Anglo Am Gold	120	—10
Barclays Bank	15.75	—0.0
Barlow Rand	19.8	—0.35
Buffels	54.5	—3.5
CNA Gallo	2.9	....
Currie Finance	4	—0.1
De Beers	8.2	—0.75
Driefontein	01.75	—3.5
FS Geduld	43	—3
Gold Fields S.A.	121	—4.5
Highveld Steel	5	0.2
Hedbank	13.75	—0.05
OK Bazaars	24.85	....
Protea Hldgs	2.8	—0.1
Rembrandt	22.5	—1
Rennies	13.93	—0.8
Rustenburg	10.2	—0.3
Sage Hldgs	6.3	—0.1
SA Brews	7.5	—0.08
Smith (C.G.)	23	—0.1
Tongaat Huletts	9	—0.2
Unisec	5.75	+0.05

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. ‡ Dealings suspended. xd Ex dividend. xs Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Oct 3	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	1983 High	1983 Low	Since Compil'n High	Since Compil'n Low
Industrials	1231.3	1233.13	1240.14	1241.97	1247.97	1260.77	1260.77 (26/9)	174.38 (11/8)	1260.77 (26/9/83)	41.22 (2/7/32)
Transport	568.79	581.58	585.08	566.32	586.71	582.86	598.84 (21/9)	434.24 (3/1)	598.84 (21/9/83)	12.23 (8/7/32)
Utilities	135.18	134.68	134.25	134.87	134.73	134.78	134.97 (26/9)	119.45 (3/1)	163.32 (20/4/69)	10.65 (28/4/42)
Trading vol 1000's†	7718	7086	7373	7582	8119	8640	-	-	-	-

	Sep 23	Sep 16	Aug 19	(Year Ago Approx)
Ind div yield %	4.43	4.53	4.65	5.82

STANDARD AND POORS

	Oct 3	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	1983 High	1983 Low	Since Compil'n High	Since Compil'n Low
Industrials	186.92	187.38	188.87	189.81	190.21	191.57	193.22 (22/9)	154.95 (3/1)	193.22 (22/9/83)	3.52 (30/6/32)
Composite	166.0	166.97	167.23	168.61	169.43	170.07	170.99 (22/9)	138.34 (3/1)	170.99 (22/9/83)	4.4 (1/6/32)

	Sep 21	Aug 24	Aug 17	Year Ago (Approx)
Ind div yield %	3.99	4.09	3.95	5.19
Ind. P/E Ratio	14.58	14.82	14.39	9.89
Long Gov Bond Yield	11.59	11.48	11.43	11.61

N.Y.S.E. ALL COMMON

Oct 3	Sep 30	Sep 29	Sep 28	1983 High	1983 Low
-	-	-	-	442.62 (8/9)	79.79 (24/1)

RISES AND FALLS

	Oct 3	Sep 30	Sep 29
Issues traded	1948	1938	1943
Rises	648	585	627
Falls	948	958	859
Unchanged	352	395	457

MONTREAL

	Oct 3	Sep 30	Sep 29	Sep 28	1983 High	1983 Low
Industrials	441.81	449.5	455.15	461.78	493.88 (5/5)	329.12 (4/1)
Combined	419.38	425.54	431.37	435.34	441.29 (28/9)	319.4 (5/5)
TORONTO Composite	2466.1	2489.5	2540.8	2561.5	2598.2 (26/9)	1949.8 (4/1)

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Oct. 3	Sept. 30	Sept. 29	Sept. 28	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	(u)	718.0	721.9	716.3	736.7 (12/8)	487.8 (4/1)
Metals & Mins. (1/1/80)	(u)	568.2	875.8	565.5	914.2 (5/8)	411.8 (4/1)
AUSTRIA Credit Aktien (2/1/62)	56.10	55.97	56.05	56.01	59.5 (5/5)	48.48 (15/2)
BELGIUM Belgian SE (31/12/63)	130.97	131.89	131.55	131.78	134.48 (1/8)	108.50 (4/1)
DENMARK Copenhagen SE (3/1/83)	199.93	—	197.74	197.84	204.22 (18/8)	100.00 (3/1)
FRANCE CAC General (31/12/82)	139.8	138.7	139.3	138.2	139.7 (30/9)	96.1 (3/1)
Ind Tendance (31/12/82)	149.7	149.4	148.3	148.5	149.7 (26/9)	98.9 (3/1)
GERMANY FAZ-Aktien (31/12/58)	317.26	316.21	317.20	317.81	331.85 (7/7)	241.89 (25/1)
Commerzbank (Dec1953)	948.5	938.0	941.2	941.3	986.3 (7/7)	727.5 (25/1)
HONG KONG Hang Seng Bank (31/7/64)	715.07	758.38	767.86	777.00	1102.64 (31/7)	715.81 (5/10)
ITALY Banca Comm Ital. (1972)	185.51	186.45	184.60	184.38	214.98 (21/3)	160.45 (10/1)
JAPAN** Dow Average (16/5/49)	9450.19	9402.59	9432.81	9445.32	9450.10 (3/10)	7803.18 (25/1)
Tokyo New SE (4/1/68)	692.00	691.08	692.55	694.57	694.57 (28/9)	574.51 (25/1)
NETHERLANDS ANP-CBS General (1970)	142.1	143.1	142.9	143.5	144.8 (28/9)	106.1 (4/1)
ANP-CBS Indust (1970)	119.8	116.6	118.8	116.5	119.5 (22/8)	85.5 (4/1)
NORWAY Oslo SE (4/1/83)	206.22	207.07	207.10	207.50	214.45 (19/8)	99.81 (4/1)
SINGAPORE Straights Times (1966)	982.84	979.55	979.20	980.75	992.82 (25/8)	712.28 (6/1)
SOUTH AFRICA Gold (1958)	(u)	899.9	889.4	859.3	1099.9 (1/2)	684.3 (28/3)
Industrial (1958)	(u)	951.4	956.8	995.6	968.7 (29/8)	704.8 (3/1)
SPAIN Madrid SE (31/12/82)	—	118.82	118.05	118.82	120.82 (18/7)	96.32 (11/1)
SWEDEN Jacobson & P. (1/1/58)	1459.58	1466.88	1474.65	1461.42	1528.90 (16.9)	998.18 (3/1)
SWITZERLAND SwissBankCpn. (31/12/58)	334.3	334.7	334.4	334.9	347.5 (4/8)	294.4 (4/1)
WORLD Capital Intl. (1/1/70)	—	180.5	181.5	182.3	193.9 (26/9)	154.8 (3/1)

(**) Saturday Sept 24: Japan Dow 9,314.00, TSE 687.66.
Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000: the last named based on 1975. † Excluding bonds. ‡ 400 Industrial. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

LONDON STOCK EXCHANGE

MARKET REPORT

Steep falls in Golds and Hong Kong shares feature Base rates cuts—Index up 1.1

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sept 19	Sept 29	Sept 30	Oct 10
Oct 3	Oct 13	Oct 14	Oct 24
Oct 17	Oct 27	Oct 28	Nov 7

* "New-time" dealings may take place from 9.30 am two business days earlier.

Renewed weakness in South African gold shares and Hong Kong securities yesterday featured London Stock markets on the first day of a new Account. Clearing bank base rate cuts of ½ to 9 per cent failed to enliven equities or gilts, the reduction having been well sign-posted and largely discounted.

Friendless for the duration of the last trading Account, gold shares plummeted further in the continued absence of support in sympathy with the sliding gold bullion price. The latter dropped below the psychological $400 an ounce mark yesterday, touching $386.00 at one stage, its lowest for almost a year; the metal closed at $391⅝ an ounce, down $15¼. Gold share prices were marked lower at the outset and continued to drift on persistent selling. Losses at the close stretched to 6¼ among the heavyweights. The FT Gold Mines index, down 60.8 over the previous two weeks, dropped 39.7 to 541.6 compared with 1983 extremes of 734.7 in February and 531.5 in March.

Hong Kong stocks traded in London fell sharply in the wake of the further 43-point drop in the Hang Seng index. Sentiment was depressed with the rescue mounted over the weekend for a second troubled Hong Kong bank serving to highlight the colony's acute political and financial difficulties. Jardine Matheson slumped 15 to 61p and Hong Kong Land closed 3 lower at 18p after 17p.

Gilts and equities failed to shake off recent lethargy. The Bank of England's long-awaited decision to recognise lower money market rates led to the major clearing banks lowering their base lending rates the expected ½-point to 9 per cent. The move failed to generate any excitement and ensuing business was at a disappointingly low level.

Showing losses to ¼ ahead of the announcement, longer-dated gilts rallied to close narrowly mixed, with short-dated maturities repeating the pattern. The £1bn Treasury 9¼ per cent £30-paid Convertible 1988 tap stock again went untested.

Down at the outset in sympathy with Wall Street's fourth consecutive decline, leading equities rallied in thin trading. The FT 30-share index, down 1.7 at 10 am and a net 1.8 up at 3 pm, was finally 1.1 up on the day. Closing index prices showed narrow irregular movements with Imperial Group prominently higher in the wake of a broker's circular and on revived bid speculation.

Banks down again

Reports that the Chancellor was considering additional tax impositions put clearing banks under a cloud. Thoughts later of reduced profit margins through yesterday's base rate reductions acted as a further damper and Barclays closed 10 down at the day's lowest of 447p. Remaining clearers were around 9 lower, including Midland, at 412p ex-dividend. Elsewhere, Press mention caused Guinness Peat to rise 4 to 47p, but Hongkong Shanghai weakened further reflecting continuing uncertainty over the colony's future, to end 5 easier at 51p.

Eagle Star quietened considerably and, after advancing to 495p, came back to Friday's closing level of 490p. Awaiting tomorrows' interim statement, Hambro Life hardened to 416p; the price published in Saturday's issue was incorrect.

Yesterday saw the start of dealings under Special Rule in Bryson Oil and Gas; the shares opened at 195p and moved up to 210p.

The undertone in Buildings was firm, but the volume of business remained small and quotations barely stirred. Among Cement issues, Rugby Portland firmed a fraction to 101p following the satisfactory interim results, while Blue Circle edged up 3 to 413p. On the bid front, UBM shed 4 to 121p; the Norcros cash and shares offer for the company closes today and yesterday Norcros acquired a further 27,500 UBM shares at 125p per share. Newarthill, which holds a 9.5 per cent stake in UBM, has come out against the bid. Helical Bar, the subject of an agreed 65p per share cash offer from Exent, gained 8 to a 1983 peak of 92p; if the offer is successful, Exent intends to retain Helical Bar's listing. Elsewhere, Glossop touched 60p before closing 3 dearer on balance at 58p following tha interim results. A. Monk put on 4 to 120p in belated response to an investment recommendation.

Strong in the latter half of last week on the group's decision to apply for a New York listing for ADRs, ICI drifted back in the absence of fresh support to close 4 cheaper at 548p. A broker's comment on the recent interim figures clipped 4½ from Brent Chemicals, 78p xd.

Currys volatile

Major Retailers continued to drift in the absence of investment support. Weekend news that the company has rescued the Richardson Shoops management buy-out by taking a 46 per cent stake in the chain prompted dullness in Habitat Mothercare which eased 5 to 276p. Burton, originally interested in purchasing the outlets held at 340p, but speculative favourite J. Hepworth, which has a close relationship with Habitat, dipped to 177p before closing a net 5 off at 179p reflecting fading bid hopes. Attention elsewhere mainly centred on Currys, an exceptionally volatile market following the much better-than-expected first-half profits, and the shares advanced sharply to 354p; sentiment was somewhat dampened, however, by the company's caution concerning second-half trading and, after reacting to 327p, the close was only 2 penny better on balance at 331p. Other electrical retailers behaved similarly: Comet touched 300p before settling a net 3 better at 293p. Mail-orders also received a boost from encouraging interim results from Freemans, 4 up at 78p, after 80p. Empire, interim results also due during the current Account, improved 6 to 72p. Press comment boosted outsize clothing concern Andre De Brett 5 to 50p, while demand in a market none too well supplied with stock lifted Kraft Productions 30 to 185p, after 190p.

In Shoes, FII advanced 5 to 97p after announcing a 34 per cent upturn in preliminary profits. Buyers also showed interest in Strong and Fisher, which is expected to announce annual results shortly and spurted 5 to 65p.

Secondary Electricals provided several firm spots. Ahead of tomorrow's preliminary statement, Amstrad advanced 12 more to 500p, while Farnell Electronics, interim results due this month, rose a similar amount to 357p, after 363p. Air Call gained 30 further to 430p on talk of an impending announcement. Arlen attracted revived speculative support at 173p, up 15, and Microlease put on 8 more at 168p. Cable and Wireless were quoted ex-scrip at 287p, while AB Electronic gained 25 to 545p in response to the excellent results and proposed scrip issue.

Engineering features were few. A. Cohen jumped 43 in a restricted market to 328p, while Midland Industries rose 4 to 29p, after 30p, following the directors' reassuring view of current trading in the wake of a first-half loss. Molins fell 8 to 114p on the interim results. In ex-dividend form, APV were lowered 10 to 305p and Adwest 7 to 214p.

Interest in Foods was mostly confined to the more speculative stocks. Albert Fisher firmed 3 to 48p and Associated Fisheries put on 4 to a 1983 peak of 78p, while Lennons added 3 at 43p.

Leading Hotels and Caterers closed on a distinctly firm note, most of the buying coming in the late dealings. Grand Metropolitan ended 5 higher at 325p and Trusthouse Forte 3 dearer at 177p. Ladbroke firmed 5 to 221p, reflecting the U.S. off-track betting deal highlighted in the weekend Press. Elsewhere, Comfort touched 31p before closing 1½ up at 29½p following the interim results.

Movements mong Motor sectors tended to favour holders. BL responded to revived speculative support anticipating the future flotation of profitable divisions and rose 4 to 62p. Press comment lifted Group Lotus a couple of pence to 64p, while ERF also attracted fresh interest and closed 6 to the good at 42p. Among Distributors, attention was centred on Tate of Leeds, which advanced 30 to 200p following the 210p per share cash offer from family interests for the minority. 48.21 per cent, holdings. Charles Hurst continued to benefit from last Friday's encourging half-timer and added 5 to record a two-day gain of 12 at 95p.

H. Kong issues flat

Hong Kong stocks shuddered violently again and several leaders suffered falls of around 15 including Jardine Matheson, 61p, Hutchison Whampoa, 63p, and Swire Pacific, 86p. Elsewhere among Miscellaneous Industrials the tone was brighter. BET Deferred rose 9 to 237p. Sunlight Services regained 13 to 225p and Applied Computers moved up 15 to 405p. Press mention took Wedgwood 4 higher to 100p, T. Jourdan a similar amount up to 95p and Unigroup the turn better to 64p; the last-named is due to announce preliminary results on Thursday. Sharply increased interim profits saw Lamont rise 4 to 34p, while the chief executive's views of recovery prospects lifted RTD 4½ to 23½p. Markedly better mid-term figures lifted Toye 3 to 55p, but adverse publicity lowered London and Liverpool 3 to 51p, after 47p. Inter-City went ex the rights issue at 50p with the new nil-paid share at 30p premium, while London and Midland Industrials were quoted at 100p ex-capitalisation to new deferred shares; the deferred closed at 22p.

Awaiting Thursday's interim statements, gains of 5 were seen in Benlox, 39p, and Holt Lloyd International, 55p. Equipu advanced to 100p before closing a net 5 up at 95p, while Foseco-Minsep's first-half figures were roughly in line with market expectations and the price improved 3 to 134p.

Properties gleaned little encouragement from the ½ point cut in base lending rates. Interest started to pick up after the official close, but the leaders still ended little changed on the day. Elsewhere, speculative buying in a thin market on takeover hopes lifted Cardiff Property 33 to 175p, after 190p. Clarke Nicholls firmed 6 to 110p following the increased interim profits and dividend while further consideration of the acquisition of S.B. Property left Marler Estates 3 dearer at 92p. North British Properties, up 61 last week following the Sun Life bid approach, hardened 2 to 157p.

Tobaccos continued to feature Imperial, which again responded to a broker's circular and touched 124p before settling a net 4 to the good at 123p; sentiment was also bolstered by renewed speculation on takeover possibilities.

Piet Petroleum jump

Speculative oil exploration issues were briskly traded. Atlantic Resources touched 540p before closing 10 up on balance at 525p, while Eglinton finished 20 up at the day's best of 290p. Pict Petroleum jumped 10 to 82p and Conroy Petroleum put on 40 to 180p. Aran gained 3 to 47p, after 48p, but Sun (UK) Royalty, up 85 last week, shed 20 to 350p. KCA International, at 45p, gave up half of last Friday's gain of 8 that stemmed from the company's agreement to acquire a 29.9 per cent stake in Candecca.

Dealings in Rightwise, suspended at 200p, were resumed at 233p following last week's publication of the offer document from Crosby House, dealings in which were resumed at 175p.

Golds collapse

The precipitate fall in the bullion price led to widespread offerings of gold shares and substantial mark-downs in prices, but even falls of five or six points failed to attract the interest of buyers. Trading volume was therefore light, but gold shares closed showing considerable declines across the board.

The heavyweights were worst hit, and even a small attempted rally in the bullion price early in the afternoon, when the price agin reached $392 after falling to $386 in the morning, failed to bring about a recovery in share prices. Gold closed at $391.625, a fall of $15.25, while the Gold Mines index registered its biggest one-day fall since March 4 at 541.6, down 39.7.

The market leader, Randfontein Estates, lost 6¼ to £83, while Val Reefs closed 5 lower at £70½ and Kloof 4 poorer at £26. Losses of 3¾ were common to President Brand at £25¾ and President Steyn at £28½, while St Helena gave up 2¾ at £21½.

Falls in the medium and lower-priced issues were mostly confined to under 50, although Blyvoor declined 71 to 906p, and falls of around 60 wer common to Venterspost, 973p, and Grootvlei 889p.

Gold-related issues also suffered in lightly-traded South African Financials, with "Amgold" down 4¾ to £74½, Gold Fields of South Africa giving up 3 at £75½, and "Johnnies" and Anglo American both closing around a point cheaper at £86 and £12¼ respectively.

Platinums also slumped in line with the even sharper decline in free market platinum prices. Rustenburg lost 75 at 600p and Impala 70 at 750p.

Diamonds lost ground, too, notably Anglo American Investment at £68, down 7.

RTZ came under early pressure, but steadied later in the day. The price at the close was 580p, down 25, while Consolidated Gold Fields fell 20 to 535p.

Australian Golds were also marked down sharply, notably Gold Mines of Kalgoorlie, 70 poorer at 590p, Poseidon, 25 off at 300p, and Whim Creek, down 16 to 160p.

Another uninspiring performance by the underlying securities was reflected in Traded Options where total contracts completed amounted to 2,145—well below last Friday's 3,612. Imperial Group, recently the subject of a broker's bullish circular, attracted 533 calls, with the November 120's and February 120's recording 128 and 127 trades respectively.

FINANCIAL TIMES STOCK INDICES

	Oct. 3	Sept. 30	Sept. 29	Sept. 28	Sept. 27	Sept. 26	year ago
Government Secs.	81.81	81.88	81.90	82.07	82.15	82.43	78.72
Fixed Interest	84.26	84.29	84.18	84.20	84.10	84.30	80.10
Industrial Ord.	703.7	702.6	699.7	695.0	694.0	702.5	570.6
Gold Mines	541.6	581.3	601.5	632.6	623.7	634.3	651.3
Ord. Div. Yield	4.75	4.76	4.78	4.81	4.84	4.78	5.01
Earnings, Yld.% (full)	9.46	9.46	9.51	9.56	9.61	9.50	11.08
P/E Ratio (net) (*)	10.23	10.24	13.17	13.09	13.03	10.19	10.82
Total bargains	12,883	21,250	21,024	19,007	21,549	20,786	18,580
Equity turnover £m.	—	240.81	180.77	163.75	161.81	207.01	140.02
Equity bargains	—	19,544	15,180	10,875	15,655	17,321	14,208
Shares traded (ml)	—	153.0	126.4	98.0	111.2	126.3	95.9

10 am 700.8. 11 am 703.0. Noon 704.1. 1 pm 704.2. 2 pm 704.2. 3 pm 704.4.

Basis 100 Govt. Secs. 15/1/26. Fixed Int. 1928. Industrial 1/7/35. Gold mines 12/1/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=12.44

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.60 (15/6)	77.00 (24/1)	127.4 (9/1/35)	49.19 (3/1/75)
Fixed Int.	84.74 (15/6)	79.03 (1/2)	150.4 (28/11/47)	50.53 (6/1/75)
Ind. Ord.	740.4 (22/8)	598.4 (12/1)	740.4 (22/8/83)	40.4 (26/6/40)
Gold Mines	734.7 (15/2)	531.5 (30/6)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Sept. 30	Sept. 29
Daily Gilt Edged Bargains	128.7	188.9
Equities Bargains	126.6	98.4
Value	486.7	365.4
5-day Avrge Gilt-Edged Bargains	150.2	158.1
Equities Bargains	106.7	100.3
Value	093.8	375.3

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P/E Ratio
10	F.P.	—	24	20½	✠A. & M. Hire 10p	23½	......	b0.1	11.1	0.6	14.8
¶¶	F.P.	—	160	108	Assoc. Telecom	110	+2	b2.0	3.1	0.6	17.6
¶435	800	10/2	220	204	Brit. Petroleum	204	......	20.23	1.8	6.6	12.3
050	F.P.	—	210	125	††Bryson Oil & Gas 20p	210	......	—	—	—	—
‖ ‖	F.P.	—	170	168	✠Cent'l IndTVN/V50p	168	......	—	—	—	34.4
¶200	F.P.	26/8	250	200	ΘPCE Holds. 5p	215	+2	b2.0	3.6	1.3	27.9
140	F.P.	—	170	167	✠Flextech 10p	162	......	—	—	—	24.4
60	F.P.	—	72	65	✠Freshbake Foods 5p	65	......	bg1.7	8.7	3.7	11.4
§17½	F.P.	12/8	24	20	✠Gilbert Hse Invs. 10p	01	—	—	—	—	—
200	F.P.	—	018	203	Goring Kerr 10p	212	......	b5.0	6.1	3.4	28.6
¶185	F.P.	26/8	186	154	Int. Signal & Control A	182	+6	u0.20	4.0	0.7	35.8
¶¶	F.P.	—	72	05	Ivory & Sime 0.1p	60	......	u0.25	11.8	0.5	20.12
§63	F.P.	—	71	70	✠Mainmet Hldgs 10p	70	......	—	—	—	74.5
‖	F.P.	5/9	35	25	✠Metal Sciences 2½p	35	—2	—	—	—	—
§160	F.P.	—	161	156	✠PCT Group 10p	160	+1	b4.8	2.1	4.3	15.0
85	F.P.	12/8	94	87	Park Food 10p	87	......	u3.0	2.0	4.3	15.1
¶¶	F.P.	—	35	32	P'sonal AssetsTst 12½p	34	......	—	—	—	—
§111	F.P.	29/8	254	165	✠P'lyt'chnicM'rine5p	237	......	ud2.0	1.9	1.2	—
150	F.P.	2/9	85	78	✠Tech. for Bus. 10p	80	......	b4.2	0.0	7.5	11.1
83	F.P.	15/9	60	85	✠Thermal Scientific	87	......	b2.3	2.8	3.8	15.6
¶	F.P.	23/9	12	15	Yorks&Lancs Inv. W'ts	17	......	—	—	—	—
—	F.P.	—	20	21	Lon.Midland Ind.D'fd	20	......	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price £	+ or −
99.296	£25	29/11	25	22	Allied-Lyons 11¾% Deb 2009	09½	−¼
¶¶	F.P.	—	129	102	Atlantic Met'n (UK) 12% Ut. 01/97	104	+2
[illegible]							

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1983 High	1983 Low	Stock	Closing price	+ or −
[illegible]							

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1983. H Dividend and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. Φ Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✠ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3).

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (43)

COMMNWLTH & AFRICAN LOANS (1)
Aust 6pc 1981-83

AMERICANS (5)
Brunswick Corp — Pacific Gas Elect
Esmark — Quaker Oats
Florida Power Light

BUILDINGS (2)
Helical Bar — Raine Inds

STORES (3)
Cantors A — Ellis & Goldstein
Debenhams

ELECTRICALS (6)
AB Electronic — Microlease
Air Call — Pressac
Micro Bus. Systems — Tunstall Telecom

ENGINEERING (3)
Browne & Tawse — Deritend Stamping
Cohen (A.)

FOODS (1)
Assoc Fisheries

INDUSTRIALS (7)
Diamond Stylus — Lamont Hldgs
Elbief — Moss (Robt.)
Francis Inds — Widney
Intereurope Tech Ser

MOTORS (4)
General Motors — Hurst (C.)
Lotus Car — Tate of Leeds

PROPERTY (3)
Cardiff Prop — Sarakireek Hldgs
Ests Prop Invs

TRUSTS (7)
Crescent Japan — New Tokyo Inv
Draytos Japan — Robeco Sub Shs
Fleming Japanese — Int Inv Tst of Jersey
GT Japan

OILS (1)
Conroy Pet Nat Res

NEW LOWS (32)

BANKS (1)
HK & Shanghai Bk

BUILDINGS (3)
Crouch (D.) — Jarvis (J.)
Crouch Group

CHEMICALS (1)
Coates Bros A NV

ELECTRICALS (3)
Chuang's (Hldgs) — Security Centres
Mnemos

FOODS (1)
Meat Trade Supp

INDUSTRIALS (8)
Beecham — Hutchison Whampoa
China Lt & Pwr — Jardine Matheson
Crest Nicholson — Macpherson (D.)
Datastream — Ricardo Cons Eng

LEISURE (1)
Leisuretime Int

PROPERTY (4)
County Props — HK Land
Daon Dev Corp — Swire Props

TRUSTS (2)
Jardine Secs — M & G 2nd Dual Cap

MINES (8)
Blyvoor — Zandpan
Doornfontein — St Helena
Venterspost — Minorco
Western Deep — Zambia Copper Invs

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	20	40	41
Corpns. Dom. and Foreign Bonds	3	10	58
Industrials	313	242	825
Financial and Props.	104	108	308
Oils	21	22	70
Plantations	2	6	13
Mines	9	111	49
Others	55	63	76
Totals	524	602	1,440

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Atlantic Res.	525	+10
Boardman (K.O.) Int'l.	10	−2½
Cons Gold Fields	535	−20
Currys	331	+1
Eglinton Oil and Gas	290	+20
Grand Met	325	+5
Hepworth (J.)	179	−5
Ladbroke	221	+5
London and Liv Trust	31	−3
Plessey	218	+2
RTZ	580	−25
U2M	121	−4

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Inter-City Inv	34	71	−8
Lon and Liv Tst	33	54	—
Edensprg Invs	30	13	+½
Eagle Star	23	490	—
ICI	21	552	+5
Zulu Resources	19	24	+4
Glaxo	17	813	+13
Rank Org	17	176	−4
Tricentrol	17	212	−2
GEC	16	190	—
Laporte Inds	19	292	+12
LASMO	15	308	−9
Polly Peck	15	£29	+1½
UKO Int'l	15	80	−5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Sept 26	Oct 7	Dec 22	Jan 3
Oct 10	Oct 21	Jan 5	Jan 16
Oct 24	Nov 4	Jan 19	Jan 30

For rate indications see end of Share Information Service

Calls were taken out in First National Finance, Joseph Webb, Combined English Stores, Grosvenor, Jardine Matheson, Cultus Pacific, Charterhall, Tesco, W. E. Norton, Guinness Peat, North Kalgurli, Eglinton, Ladbroke, Tozer Kemsley and Millbourn, British Tar and Phoenix Assurance. No puts were reported but a double was done in Cadbury Schweppes.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Equity groups & sub-sections	Mon Oct 3 1983 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Sept 30 Index No.	Thurs Sept 29 Index No.	Wed Sept 28 Index No.	Tues Sept 27 Index No.	Year ago (approx) Index No.
1–64	[illegible]										
65	Insurance (Life) (9)	449.07	+0.1	—	4.95	—	448.50	448.28	449.46	448.76	298.81
66	Insurance (Composite) (10)	224.73	−0.5	—	6.83	—	225.78	225.04	223.71	221.41	158.49
67	Insurance Brokers (7)	550.94	−0.2	12.32	5.27	11.12	552.04	553.28	552.08	552.57	518.98
68	Merchant Banks (12)	189.20	—	—	4.91	—	189.36	191.20	192.18	193.30	139.51
69	Property (54)	464.77	—	6.16	4.05	21.72	464.89	467.16	464.30	461.54	396.85
70	Other Financial (18)	234.94	−0.1	11.86	5.69	10.35	235.27	235.67	233.87	233.91	157.35
72	Investment Trusts (108)	439.79	—	—	3.98	—	439.59	440.63	440.53	442.04	314.62
81	Mining Finance (4)	283.99	−3.8	8.59	5.34	14.45	295.25	299.50	305.20	307.09	218.27
91	Overseas Traders (14)	484.50	−0.6	7.40	7.73	20.76	486.33	487.49	487.93	495.06	353.60
99	ALL-SHARE INDEX (752)	444.81	−0.2	—	4.81	—	445.53	446.86	446.11	445.21	355.82

FIXED INTEREST

	PRICE INDICES	Mon Oct 3	Day's change %	Fri Sept 30	xd adj. today	xd adj. 1983 to date
	British Government					
1	5 years	117.51	−0.05	117.56	—	8.44
2	5-15 years	130.34	+0.04	130.29	—	10.70
3	Over 15 years	140.26	−0.14	140.46	—	10.29
4	Irredeemables	152.76	+0.02	152.73	—	8.90
5	All Stocks	129.32	−0.03	129.26	—	9.86
6	Debentures and Loans	104.98	+0.59	104.34	8.44	8.00
7	Preference	78.07	+0.45	77.78	0.06	5.77

	AVERAGE GROSS REDEMPTION YIELDS		Mon Oct 3	Fri Sept 30	Year ago (approx)
	British Government				
1	Low Coupons	5 years	9.84	9.84	9.81
2		15 years	10.06	10.04	10.58
3		25 years	9.75	9.75	10.66
4	Medium Coupons	5 years	11.17	11.18	11.52
5		15 years	10.87	10.85	11.52
6		25 years	10.35	10.31	10.96
7	High Coupons	5 years	11.24	11.23	11.55
8		15 years	11.07	11.06	11.73
9		25 years	10.43	10.40	11.13
10	Irredeemables†		9.75	9.75	10.69
11	Debs & Loans	5 years	12.15	12.06	12.46
12		15 years	12.02	11.96	12.57
13		25 years	11.91	11.89	12.58
14	Preference†		12.54	12.56	13.21

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$400	71	8.50	142	29	6	32	$393.50
GOLD C	$425	236	3.50	65	12.30	30	25	"
[illegible]								

TOTAL VOLUME IN CONTRACTS: 12,332

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Brit. Petroleum (*434)						
350	76	84	—	1½	3	—
390	46	58	00	1½	4	0
420	22	30	46	5	12	12
460	3	15	24	30	36	42
Cons. Goldfields (*532)						
[illegible]						

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Imperial Group (*123)						
110	13	10	21	1	3	6
120	7	10	14	6	6	11
150	2	9	—	11	13	—
LASMO (*395)						
300	27	43	56	10	20	00
330	12	30	42	00	40	43
360	0	13	27	63	68	79
[illegible]						

Oct. 3 Total Contracts 2,145 Calls 1,505 Puts 640

* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, H.P. & LEASING

[illegible]

BANKS—Continued

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
23	9¾	Keep Trust 5p	12¾	−¼	$0.15	—	‡	—
210	140	Kelsey Inds.	185	.....	8.0	1.7	6.2	12.7
155	110	Kershaw (A.) 5p	150	.....	‡15.0	4.6	‡	(22.0)
75	39	Kwen-E.Ze Hldgs.	75	.....	3.0	ϕ	5.7	ϕ
101	52	L.C.P. Hlds	91	+2	3.6	1.2	5.6	(20.5)
32	14	LDH Group	27	+½	—	—	—	—
132	93	L.R.C. Int. 10p	111	.....	h2.95	2.3	3.8	14.5
34	17	Lamont Hldgs. 10p	34	+4	†1.3	1.8	5.5	13.2
40	26	Lawtex	35	+1	—	—	—	—
480	345	Lep Group 10p	470	.....	17.5	0.3	5.3	65.2
36	22	Lilleshall 10p	34	.....	d1.0	—	4.2	—
350	42	Lon. & Liv. 10p	51	−3	h2.75	3.5	7.7	4.6
135	97	Londn & Midl'd	100xc	−9½	7.75	1.1	11.1	11.2
*110½	38	Lon. & Nthn. Grp.	71½	.....	F4.2	ϕ	8.4	10.1
40	23	‡Lon. PrIv Health	26	.....	—	—	—	13.0
65	46	Longton Inds.	60	.....	1.0	—	2.4	—
120	70	Low & Bonar 50p	114	.....	†5.0	2.8	6.4	(6.3)
48	32½	MCD Group	46	.....	u1.0	2.2	3.1	21.0
87	62	MMT Computing 5p	80	.....	b1.60	2.6	3.0	18.6
26	16	M.Y. Dart. 10p	24	+½	0.1	—	0.6	—
212	134	M'c'rthy Ph. 20p	150	+3	7.0	2.7	6.7	7.1
148	128	Macfarlane Gp.	145	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
39	14½	GRA Group 5p	37	+1	—	—	—	47.5
58	45	Grampian TVA 10p	55	.....	3.6	2.9	9.8	4.3
172	136	HTV Non-Vtg	164xd	.....	11.0	ϕ	9.6	ϕ
222	125	Horizon	130	−3	†3.6	5.7	4.0	5.6
162	91	Intasun 10p	136	−2	4.0	4.5	4.2	6.2
60	22	Intervision Video 10p	28	.....	1.0	2.1	3.7	14.2
378	258	Juliana's Hldgs 2p	320	−5	b4.9	2.4	2.2	23.1
174	139	LWT "A"	164	.....	11.08	1.1	9.6	13.2
*147	58	Leisuretime Int 10p	58	−2	g1.54	ϕ	3.8	ϕ
152	108	Magnet Ag. M. 10p	115	.....	8.75	1.6	10.9	8.3
60	52	Medminster 10p	53	.....	†4.0	0.8	10.8	16.7
170	110	Mills World Grp 10p	152	+2	b3.0	2.5	2.6	22.1
23	17½	‡Nationwide 5p	19½	−½	—	—	—	—
128	46	‡Nimslo Int 20c	46	−7	—	—	—	—
128	45½	Norton Opax 10p	118	.....	t2.17	4.3	2.6	8.5
90	22½	‡Owners Abroad	27½	−½	0.5	4.5	2.6	12.3
47	56	Photax (Lon.)	40	.....	—	—	—	—
155	90	‡Pineapple Dance St 10p	110	−3	m0.5	2.1	2.0	27.2
340	217½	Pleasurama 5p	308	.....	t5.75	4.5	2.7	18.4
173	108	‡Radio City 'A' NV	130	.....	g5.6	1.6	6.2	13.9
209	138	Riley Leisure 10p	183	+2	†3.95	1.7	3.1	25.1
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—continued

Australians

1983 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
28½	13½	♥ACM 20c	18½	+1½	—	—	—
52	32	Allstate Explo NL	48	.....	—	—	—
40	9	♥Australis Mng. NL	30	−2	—	—	—
25	11	Balmoral Resources	20	.....	—	—	—
60	37	♥Black Hill Mins.	49	−2	—	—	—
85	51	♥Bond Corp.	80	.....	Q10c	ϕ	7.5
183	116	♥Bougainville 1 Kina	146	−8	Q3.42c	1.2	1.4
372	204	♥CRA 50c	338	−5	‡Q3c	—	0.5
145	68	♥Carr Boyd 20c	75	−4	—	—	—
43	18	♥Central Pacific	33	.....	—	—	—
9	2¾	♥Cons Gold Mng Areas	3¾	.....	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL AND IRISH STOCKS

[illegible]

OPTIONS

3-month Call Rates

[illegible]

"Recent Issues" and "Rights" Page 31

[illegible]

Authorised Units—continued

Offshore and Overseas—continued

Insurances—continued

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

London A'deen & Nthn. Mtl. Assur. Ltd.
129 Kingsway, London, WC2B 6NF. 01-404 0393
'Asset Builder' 65.4 69.3

London Indemnity & Gnl. Ins. Co. Ltd
18-20, The Forbury, Reading 583511
Money Mngr Oct. 1 61.0 65.8 -0.2
MM Flexible Sept 6 52.6 55.4
Fixed Interest Sept 1 54.7 57.7

London Life Linked Assur. Ltd.
100, Temple St., Bristol, BS1 6EA. 0272-279179
See adjacent Page Mon-Fri and Stock Exchange Page Sat.

London & Manchester Gp.
Winslade Park, Exeter EX5 1DS. 0392 52155

Invest. Tst. Fd. Cap.	[illegible]	—	+0.1	—
Invest. Tst. Fd. Acc.	[illegible]	—	[illegible]	-12.4
Property Fund Cap.	[illegible]	—	[illegible]	—
Property Fund Acc.	[illegible]	—	[illegible]	+4.4
Flexible Fund Cap.	[illegible]	—	[illegible]	—
Flexible Fund Acc.	[illegible]	—	[illegible]	+4.4
Fixed Int. Fd. Cap.	[illegible]	—	[illegible]	—
Fixed Int. Fd. Acc.	147.3	—	[illegible]	—
Gtd. Deposit Fd. Cap.	138.9	—	[illegible]	—
Gtd. Deposit Fd. Acc.	[illegible]	—	[illegible]	—
Equity Fund Cap.	[illegible]	—	[illegible]	—
Equity Fund Acc.	[illegible]	—	[illegible]	—
International Fd. Cap.	[illegible]	—	[illegible]	—
International Fd. Acc.	[illegible]	—	[illegible]	—

Property Growth Assur. Co. Ltd.
Leon House, Croydon CR9 1LU. 01-680 0606

Property Fund		287.8		—
Property Fund (A)		280.0		—
Agricultural Fund		1,386.0		—
Agric. Fund (A)		1,077.2		—
Abbey Nat. Fund		228.4		—
Abbey Nat. Fd. (A)		227.5		—
Investment Fund		138.7		—
Investment Fund (A)		136.3		—
Equity Fund		410.8	-0.1	—
Equity Fund (A)	410.0	[illegible]	-0.1	—
Money Fund		215.6		—
Money Fund (A)		213.7		—
Actuarial Fund		221.1		—
Gilt-edged Fund		190.5	-0.3	—
Gilt-Edged Fd. (A)		190.5	-0.3	—
Retire Annuity		362.0		—
Immed. Ann'ty		193.0		—
International Fd.		268.6	-2.3	—
Bldg. Soc. Life Fd.		183.8		—

Property Gth Pens & Annuities Ltd

All Weather Ac. Uts.	254.0	267.3		—
Inv. Fd. Uts.		294.3		—
Pension Fd. Uts.		250.4		—
Conv. Pens. Fd.		288.1		—
Cnv. Pns. Cap. Ut.		216.4		—
Man. Pens. Fd.		328.6		—
Man. Pens. Cap. Ut.		246.5		—
Prop. Pens. Fd.		279.5		—
Prop. Pens. Cap. Uts.		212.6		—
Bldg. Soc. Pen. Ut.		251.1		—
Bldg. Soc. Cap. Ut.		193.8		—
Gilts Pens. Fd.		168.5		—
Gilts Pens. Fd. Cap.		147.6		—

Standard Life Assurance Company
3 George St., Edinburgh EH2 2XZ. 031-225 2552

Managed	199.2	209.7	-0.3	—
Property	152.1	160.2		—
Equity	226.5	238.5	+0.2	—
International	212.3	223.5	-1.6	—
Fixed Interest	166.2	175.0	-0.2	—
Index Linked	97.2	102.4	-0.3	—
Cash	130.5	137.4		—
Pension Managed	232.3	244.6	-1.3	—
Pension Property	154.5	162.7	+0.1	—
Pension Equity	265.7	279.7	-1.5	—
Pension Intl.	254.9	268.4	-3.0	—
Pension Fxd. Int.	175.7	185.0	-0.1	—
Pension Index Linked	98.2	103.4	-0.2	—
Pension Cash	146.8	154.6	+0.1	—

Sun Alliance Insurance Group
Sun Alliance House, Horsham. 0403 64141

	Series (2)			(1) Bid
Index Linked Fund	106.5	112.2		106.9
Equity Fund	292.4	308.0	-0.8	292.9
Fixed Interest Fund	196.4	206.8	-0.1	196.5
Property Fund	212.9	224.2		213.2
International Fd.	180.4	189.9	+0.3	180.6
Deposit Fund	143.6	151.2		143.8
Managed Fund	236.4	248.9		236.6
Int Bond Sept 27	—	—		£21.56

Series (2) Prices are for policies issued after 11/7/1982. Series (1) These are bid prices for earlier policies.

Individual Pension Funds

Index Linked	125.1	131.7		—
Equity	143.4	151.0	-0.2	—
Fixed Int.	160.8	169.3	-0.2	—
Property	108.4	114.2		—

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unigilt Trust	45.2	47.2		10.90
Unidollar Trust	$16.41	17.58		1.50
Unibond Trust	$88.26	89.01		10.80

1, Thomas St. Douglas, Isle of Man. 0624 23252

Uni-Australian Tst.	81.1	87.3		1.3
Uni-Aust. Mineral Tst.	74.3	79.9		1.40
Uni-Pacific Trust	169.9	182.7		—
Uni-International Tst.	74.1	79.7		1.40

Bishopsgate Commodity Ser. Ltd.
P.O. Box 42, Douglas, I.o.M. 0624-23911

ARMAC* Sept	$1860.25	64.06		—
COUNT** Sept	$13.774	4.003		1.312
CANRHO** Sept	$12.611	2.769		—

Original issue *$10 and **£1. Next val. October 3.

Bridge Management Ltd.
GPO Box 590, Hong Kong

N'bashi Sept 30	Y43,000	44,300		43,006
Nippon Fd Sept 28	$29.78	31.10		0.87

Britannia Intl. Investment Mngmt. Ltd.
Box 271, Queensway House, Queen Street, St. Helier, Jersey C.I. 0534-73114

U.S. Dollar Denominated Funds

AmSmallerCos.Fd.	$2.333	2.509		—
Dollar Inc Fd.	$0.850	0.861		11.00
$ Mngd Curr'cy Fd	$9.57	10.08		6.10
First Intnl	$21.36	22.52		—
Gold Fund	$1.085	1.190		4.45
Normandie In SFdt	$11.81	12.70		—
Universal Growth Fd	$0.928	0.998		—
World of Tech.	$0.906	0.972		—

COMMODITIES AND AGRICULTURE

London metal prices hit by wave of selling

BY JOHN EDWARDS, COMMODITIES EDITOR

METAL PRICES tumbled in London yesterday as gold fell through $400 an ounce and copper slumped to the lowest point for nine months.

Higher grade cash copper dropped by £35.75 to £954.75 a tonne. The three months quotation closed £36.5 lower at £9,979.75 and moved further down in late after hours dealings.

There were heavy losses too for aluminium and nickel, and lead, zinc and tin were also easier.

Free market platinum was especially badly hit by the wave of selling that hit the markets. The sterling quotation fell by £10.15 to £261.90 an ounce. The dollar price fell by $19.75 to $388.50 an ounce, moving marginally below gold for the first time since establishing a premium over gold in May this year.

Silver prices also fell heavily. The London bullion spot quotation at the morning fixing was cut by 52.9 to 698.20p an ounce compared with 825p less than a month ago.

Tha huge rise in silver stocks held in the New York market (Comex) warehouses to record levels has put prices under increasing pressure and is believed to have helped trigger off the decline in gold and platinum as well as base metals.

On the London gold futures market, which started a new single trading session yesterday, turnover jumped to 1,591 lots of 100 ounces each. The London bullion spot gold price closed $15.25 down at $391.625 an ounce.

Copper also came under extra selling pressure when it was announced that stocks held in the LME warehouses increased sharply last week by 11,750 tonnes to make total holdings 386,825 tonnes, the highest level for nearly five years. In the past nine weeks copper stocks in the LME warehouses have risen by over 110,000 tonnes and they have also increased sharply in New York.

Lead stocks added another 3,000 tonnes to a record total of 218,125 tonnes. Nickel stocks went up by 1,374 to 25,938 tonnes and LME silver holdings by 170,000 to 37,690,000 ozs. The decline in aluminium stocks continued with a drop of 2,800 to 246,525 tonnes, but prices continued to be undermined by the fall in copper.

Zinc stocks fell by 550 to 112,525 tonnes and prices were held up by trade support at the lower levels. Continued buffer stock support buying held tin prices up too; warehouse stocks of tin declined by 415 to 42,395 tonnes.

Jute goods held up by strike in Calcutta

Financial Times Reporter

EXPORTS of over 20,000 tonnes of jute goods have been held up in Calcutta since August 12 by a strike among barge operators, the Press Trust of India news agency reported, quoting shipping sources in Calcutta.

About 20 ships left Calcutta port without carrying the jute goods, the agency said.

It quoted the sources as saying tha strike and e lockout declared by the six companies which employ the operators had badly affeoted the shipping industry in Calcutta.

The companies declared the lock-out after refusing to accept the operators' demand for more wages, a jute company official told Reuters last month.

There are 55 mills in the eastern part of West Bengal state. Total production of jute goods from the state is estimated at 100,000 tonnes e month, with 20,000 going abroad.

● QUEENSLAND Sugar Board is to build and operate a A$36.7m (£22m) bulk raw sugar terminal in Brisbane to serve south-east Queensland and northern New South Wales. It is intended to be in full operation by June 1985 with a first year export of 180,000 tonnes.

● EEC COMMISSION has authorised the sale of 50,000 tonnes of barley out of Scottish intervention stores for consumption on the UK market, the home grown cereals authority said. The tender will open on October 18.

● U.S. ALUMINIUM producers with plants in the Pacific North-West face higher power costs from November 1 as a result of a 9 per cent increase in electricity charges by the Bonneville Power Administration.

Fresh talks start on herring share-out

BY JOHN WYLES IN LUXEMBOURG

FISHERIES ministers of the European Community were settling in for long hours of negotiation last night in their fourth attempt since June to agree on a share-out of the North Sea herring catch.

The governments with most at stake — Denmark, the UK, The Netherlands, Belgium and France — are fighting for maximum shares under pressure from national fishermens' organisations who are ready to cry "betrayal" at any possible move to compromise.

Scottish fishermen beve claimed that the British Government's inability so far to win what they regard as a fair share of the berring catch calls into question the common fisheries policy which was agreed after years of difficulty last January. This established national shares of the seven most valuable species, but on the basis of scientific statistics for a total allowable catch which were fixed in 1982.

The herring row has blocked any attempt to settle national shares of the possible 1983 catch, and if it continues the Ten may skip the 1983 exercise altogether.

Ministers began last night's negotiation still unable to agree on the basis of sharing out herring fishing, which was banned for six years until last June because of dwindling stocks.

They bave tried to apply the same principles which produced January's agreement for other species, but the six-year closure of the fishery bas made agreement impossible over the reference period to establish what each country's share might be on the basis of historic rights.

Danish ambitions have been one of the major causes of the deadlock. They are regarded by other delegations as wildly out of line for a country which has greatly overfished berring in the past.

The Danes arrived here last night, however, hinting at a more flexible line. Studies by groups of experts have pointed to a possible Danish share of between 13 and 30 per cent, depending on the calculation of historic rights.

Cuba blames EEC for failure of sugar talks

FINANCIAL TIMES REPORTER

HAVANA — Cuba blames the European Community for the failure of the recent UN conference on sugar to reach a new international agreement, Sr Ricardo Cabrisas, Cuban Foreign Commerce Minister, was quoted as saying.

Sr Cabrisas told the Cuban state news agency, Prensa Latina, that "the failure to reach an agreement falls fundamentally on the European Community."

He reiterated Cuba's position that any new International Sugar Agreement should be based largely on individual export quotas rather than the stocking arrangement preferred by the EEC.

In Camberra, Mr Lionel Bowen, the Australian Trade Minister, criticised some countries for inflexibility in the unsuccessful negotiations at Geneva for a new sugar pact.

In Geneve the chairman of the UN conference, Sr Jorge Zorreguieta, said there was no doubt in his mind that the next round of talks from February 6 to 24 would achieve a new pact.

Progress at the conference, which was attended by 82 importing and exporting countries, was blocked by the inability of the world's four largest exporters — Australia, Brazil, Cuba and the European Community—to agree on the basic mechanism for stabilising prices, conference sources said.

The stumbling block is the extent to which each exporter is willing to hold stocks to support falling sugar prices, now averaging just over 9 cents a pound, well below the 13 cent level the present pact is supposed to defend.

Australia and Brazil as well as Cuba picked out the EEC as the main cause of the failure of the conference, the sources said.

Our Commodities Staff write: The London daily price for raw sugar was raised by £5.50 to £161.50 a tonne yesterday. Futures prices also gained ground following reports of continued buying by the Soviet Union.

India urged to release raw cotton

Financial Times Reporter

THE European Cotton Merchants Association has urged India to ship some 250,000 to 300,000 bales of raw cotton which it says have been sold but held up through lack of export quota.

In a telex message to the Indian Government Mr Malcolm Fairbrother, the Association's chairman, called for an immediate decision to sanction the export of all the unlicensed contracts.

The commitments cover May to August shipments and were sold through the state-controlled trading body Mahfed to the international trade, Mr Fairbrother said yesterday.

The trade bought the cotton in January and February on the understanding that the Indian Government would license the commitments without undue delay. End-consumers had been waiting several months for delivery, he said.

Coffee at new highs on London futures market

BY OUR COMMODITIES STAFF

COFFEE jumped to new life-of-contract highs on the London robusta futures market, strengthened by weaker sterling and higher New York prices. The January position in London closed £57.5 up at £1,824 a tonne —the highest level since March.

Traders claimed there was still a shortage of immediately available Robusta coffee and this continued to put pressure on the spot month and nearby positions in particular.

There was little reaction to the terms of the new International Coffee Agreement, finally completed after all-night negotiations on Friday.

The rise in the global quota of 56.2m bags (of 60 kilos each) for 1983-84 — 1m bags above 1982-83 — was in line with market expectations; so was the decision to leave the agreement's price range unchanged at between 120-140 cents a lb.

The main delay in the negotiations came over the issue of stricter controls over sales to non-member countries. Further investigations are to be made into this question. The International Coffee Organisations council also approved the setting-up of a study on production policy.

Reuter reported from Lisbon yesterday a forecast that world coffee production in 1983-84 would increase to 9m bags against 90m bags annually during the past three years.

Mr Alexandre Beltrao, executive director of the ICO, told a symposium organised by Coffee International that the rise was caused by Brazilian output returning to normal.

Mr Beltrao said stocks had been increasing by about 6m bags a year with world production levels exceeding consumption, and they now stood at 57m.

This was causing financial hardship for many countries, but the return was fair prices for coffee sold in the ICO export quota market.

Stocks were still well below levels reached in the 1960s and perhaps not wildly in excess of the amount required for adequate resources to deal with such emergencies as a big Brazilian frost.

Britain urged to produce more home-grown timber

BRITAIN SHOULD grow more timber to cut its rising import bill of more than £3.3bn a year, according to a study by an overseas panel of timber experts.

The Timber Commission of the United Nations Economic Commission said after a tour of the UK: "The committee wants to see planting increased on a worldwide scale and believes it is essential for major importing countries, particularly the UK, to grow more of their own timber, which would also bring social, economic and employment benefits."

Mr Ronnie Williams, chief executive of Timber Growers United Kingdom Limited, said Britain had one of the lowest proportions of land under timber in Europe and supplied only 8 per cent of its national needs.

"Yet with our climate and soil conditions, coupled with the skill and expertise of British foresters, we achieve a growth rate which is double that of Scandinavia and the USSR.

PRICE CHANGES

In tonnes unless stated otherwise	Oct. 3 1983	+ or —	Month ago
Metals			
Aluminium	£1050	....	£1050
Free Mkt	$1550/1580	—50	$1655/685
Copper			
Cash h grade	£954.75	—35.75	£1071.5
3 mths	£979.75	—36.5	£1098.25
Cash Cathode	£930.25	—32.75	£1059
3 months	£955.75	—34.25	£1085.25
Gold troy oz	$391.625	—15.25	$418.375
Lead Cash	£270.5	—4.75	£268
3 months	£279.75	—5.625	£275.75
Nickel	£4646.34	....	£4646.34
Free mkt	205/235c	—10	225/255c
Palladium	$135.25	—12.50	$156.25
Platinum	£261.90	—10.15	£296.80
Quicksilver†	$310/330	+10	$280/290
Silver troy oz	798.20p	—52.9	822.10p
3 mths	714.75p	—58.25	851.70p
Tin cash	£8432.5	—7.5	£8613
3 month	£8543	—4.5	£8732.5
Tungsten	$72.17	....	$74.81
Wolfrm 22.04 lb	$76/83	....	$74/78
Zinc Cash	£540.5	—7.5	£577.5
3 mths	£555.75	+7.5	£593.25
Producers	$880	....	$880

	Oct. 3 1983	+ or —	Month ago
Oils			
Coconut (Phil)	$960x	+10	$990
Groundnut	‡	....	$1037.5
Linseed Crude	£511.00	—0.10	£495.25
Palm Malayan	$690u	+6	‡
Seeds			
Copra Phil	$625x	....	$640
Soyabean(U.S.)	$343.00u	+2	‡
Grains			
Barley Fut. Jan	£121.10	—0.05	£119.60
Maize	‡	....	£144.00
Wheat Fut. Jan	£124.10	—0.10	£125.40
No2 Hard Wint	‡	....	‡
Other commodities			
Cocoa ship't*	£1564.5	—18.0	£1478
Fut. March	£1474.5	—18.0	£1422.5
Coffee Ft. Jan.	£1824	+57.5	£1697.5
Cotton A. Index	86.70c	....	92.35c
Gas Oil. Nov.	$244.25	—0.85	$257.6
Rubber (kilo)	77.00p	—0.05	78.5p
Sugar (Raw)	£161.50vw	+5.50	£162
Woolt'ps 64s	400p kilo	....	392p kilo

‡ Unquoted. w Nov. u Dec. y Sept-Oct. x Oct-Nov. v Oct. † For 16 lb flask. * Ghana cocoa. n Nominal.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.35-28.40	—0.08
Iranian Light	27.90-28.00	—0.15
Arabian Heavy	25.25-26.40	—0.18
North Sea (Forties)	29.00-29.10	—0.50
North Sea (Brent)	29.20-29.25	—0.43
African Bonny L'ht	28.50-29.30	—0.42
PRODUCTS—North West Europe, CIF ($ per tonne)		
Premium gasoline	283-286	+0.5
Gas oil	244-246	—3.5
Heavy fuel oil	159-175	+1.5

GAS OIL FUTURES

After opening around a dollar weaker, the market moved up to the highs and traded in a narrow range throughout the morning. On the re-opening, prices weakened and continued to fall, coming under pressure from limit down trading in New York. The market staged a short-lived rally, buts prices fell back again to make new lows on the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Oct.	242.50	—6.25	248.00-42.25
Nov.	244.25	—6.50	250.75-44.25
Dec.	247.00	—7.00	253.75-46.75
Jan.	246.50	—7.50	253.50-46.25
Feb.	244.75	—6.00	251.00-44.75
Mar.	242.00	—5.50	246.50-42.00
April	240.00	—3.50	243.00-40.00
May	256.00	—5.00	—
June	245.00	—	—

Turnover: 3,216 (2,874) lots of 100 tonnes.

GOLD MARKETS

Gold fell sharply in the London bullion market yesterday, losing $15¼ an ounce to finish at $391¾-392, its lowest closing level since October 1982. The lower price in London reflected liquidation of positions earlier in New York and the Far East with the psychological $400 being broken and prompting a rash of stop loss selling. In London it touched a low of around $386, having briefly touched a high of $387.

In Paris the 12½ kilo bar was fixed at FFr 101,000 per kilo ($394.20 per ounce) in the afternoon rompared with FFr 101,200 ($394.93) in the morning and FFr 104,750 ($406.79) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,215 per kilo ($394.01 per ounce) against DM 34,360 ($404.98) previously and closed at $390¾-391½ from $406¼-406¾.

In Zurich gold finished at $390-393 rompared with $406-409.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar at the fixing was $393.25 from $404.0.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	$ per troy ounce		
Oct.	389.00-93.0	—15.55	—
Nov.	392.00-95.5	—16.00	—
Dec.	396.50-97.5	—15.90	404.7-92.0
Jan.	399.00-01.0	—15.50	—
Feb.	403.00-06.0	—16.45	405.5-98.0
Mar.	406.00-09.0	—10.50	—
April	409.5-10.5	—16.95	415.0

Turnover: 1,591 (776) lots of 100 troy ounces.

	Oct. 3		Sept. 30	
Gold Bullion (fine ounce)				
Close	$391¾-392	(£263¾-264¼)	$406½-407¼	(£271½-272)
Opening	$397½-398¼	(£266¼-266¾)	$403½-404¼	(£270-270½)
Morning fixing	$393.50	(£264.094)	$404	(£270.108)
After noon fixing	$389	(£261.816)	$405	(£270.677)

Gold Coins Oct. 3					
Krugrnd	$402-405	(£271-271¾)	King Sov	$94½-96	(£65½-64½)
½ Krg	$207½-208¼	(£138¾-140½)	Victoria Sov	$94½-96	(£63½-64½)
¼ Krg	$105¾-106¼	(£71¼-71¾)	French 20s	$81½-83¾	(£55-56½)
1/10 Krug	$43¼-44	(£29¼-29¾)	50 pesos Mex	$476-477	(£320¼-321½)
Mapleleaf	$401-402	(£270¼-271)	100 Cor. Aust	$380-384	(£256¼-258¼)
New Sov	$92-93¼	(£62-62½)	$20 Eagles	$585-595	(£394¼-401)
½ New Sov	$55-55¼	(£37-37½)			

EUROPEAN MARKETS

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Oct 153.50, Nov 157.50, Dec 161, Jan 163. U.S. Northern Spring 14 per cent protein Oct 184, Nov 185, Dec 187.

U.S. Three Amber Durum spot 209, Sept/Oct 207, Oct 206, Nov 209.

Maize—(U.S. $ per tonne): U.S. Three Yellow Sept 165, Oct 163, Nov 161, Dec 161.50, Jan-March 163.50, April/June 164 sellers. Argentine: Oct-Nov 170 sellers.

Soyameal—(U.S. $ per tonne): 44 per cent afloat 271, Sept 271, Oct 270, Nov 275, Dec 278, Nov-March 283 sellers, Nov 274, Nov-March 282 traded. Pellets Brazil afloat 283, Oct 294, Nov 302, Dec 307 sellers. Pellets Argentine afloat 272, Oct 280, Nov 288, Dec 292.50 sellers.

BRITISH COMMODITY MARKETS

BASE METALS

BASE METALS reacted sharply to the fall in precious metal prices yesterday, with sizeable declines in prices on the London Metal Exchange. The comparative weakness of sterling was unable to exert its customary offsetting influence. Copper fell steadily throughout the day, closing at £970. Aluminium and Nickel were both notably weak, c losing at £1,069 and £3,005 respectively. Lower Lead prices attracted some demand, with the close at £278, and Zinc followed a similar course to close at £558. Tin was supported, and closed at £8,540.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	962-.5	—36.7	954.5-5	—35.7
3 months	978-.5	—32	979.5-80	—36.5
Settlem't	952.5	—36	—	—
Cathodes				
Cash	929-30	—32	930-.5	—34.7
3 months	953-4	—35	955.5-6	—34.2
Settlem't	930	—39	—	—
U.S. pro'd	—	—	*73.5-7	......

Amalgamated Metal Trading reported that in the morning higher-grade cash copper traded at £962.00. Three months £980, 77, 78, 78.50, 78, 77, 78.50, 78, 77, 77.50, 78. Cathodes: Cash £930. Kerb: Higher Grade: Three months £979, 78.50, 78, 77.50, 78. Afternoon: Higher Grade: Three months £978, 78, 79, 79.50, 79, 80, 79, 78.50, 78, 79.50, 79, 80. Kerb: High Grade: Three months £980, 78, 80, 78.50, 78.50, 78, 77, 78, 77, 76.50, 78, 75.50, 74.50, 74. Turnover: 33,600 tonnes.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	8430-40	—35	8430-5	—7.5
3 months	8525-30	—18	8541-50	—4.5
Settlem't	8440	......	—	......
Standard.				
Cash	8410-12	—36.5	8430-5	—7.5
3 months	8520-5	—15	8541-5	—4.5
Settlem't	8419	—28	—	......
Straits E.	$29.63	—.15	—	......
New York				

Tin—Morning: Standard: Cash £8,415, 11. Three months £8,545, 40, 35, 30, 22, 25. High Grade: Cash £8,430. Kerb: Standard: Three months £8,530. Afternoon: Standard: Cash £8,440. Three months £8,530, 45, 40, 35, 38, 40, 41. Kerb: Standard: Three months £8,544. Turnover: 4,165 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	268-.5	—7.75	970-1	—4.75
3 months	278-.25	—7.82	979.5-80	—6.62
Settlem't	268.5	—7.5	—	......
U.S. Spot	—	......	*22-5	......

Lead—Morning: Cash £268.50, 68.75. Three months £279, 78, 77.50, 77, 78.50, 77, 77.50, 78, 78, 78.50, 78.25, 78.50. Kerbs: Three months £278, 78.50, 79. Afternoon: Three months £279, 80, 81, 82, 81, 80, 79, 79.50. Kerb: Three months £280, 79, 78.50. Turnover: 13,050 tonnes.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	557-8	—13¼	540-1	—7.5
3 months	565-6	—12¾	555.5-6	—7.75
Settlem't	538	—18	—	......
Primw'ts	—	......	*46-.75	......

Zinc—Morning: Three months £552, 51, 50, 51, 52, 52.50, 52, 53, 52.50. Kerb: Three months £554, 53.50, 53, 53.50. Afternoon: Three months £554, 56, 55.50, 56, 56.50, 58, 55, 55.50, 56. Kerb: Three months £555, 54.50, 55, 56, 57. Turnover: 12,775 tonnes.

ALUMINIUM

Aluminium	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	1026.5-7.5	—27.5	1034-5	—24.5
3 months	1065-6	—26.25	1068-.5	—24

Aluminium—Morning: Three months £1,064, 63, 62, 61, 60, 59, 58, 57, 57, 56.50, 57, 57.50, 56, 56.50, 55. Kerb: Three months £1,065, 54, 53, 52.50, 53, 54, 55. Afternoon: Three months £1,055, 54, 53, 53.50, 54, 54.50, 55, 56, 57, 56.50, 57, 59, 59, 58.50, 59, 60, 63.50, 64, 63, 62, 63, 62.60, 62, 62.50. Kerb: Three months £1,061, 60, 59, 60, 58, 59.50, 58, 60, 59. Turnover: 34,850 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2968-75	—87.5	3030-40	—162
3 months	3066-60	—90	3025-30	—141.5

* Cents per pound. $ M$ per kilo. † On previous unofficial close.

Nickel — Morning: Three months £3,100, 3,085, 80, 75, 80, 85, 80, 60, 55, 50, 45, 50, 55. Kerb: Three months £3,055, 50, 40, 30, 25, 20, 10, 15, 20. Afternoon: Cash £2,930. Three months £3,010, 05, 3,000, 2,995, 90, 85, 80, 70, 75, 80, 75, 65, 60, 50, 45, 55, 60, 65, 70, 75, 80, 85, 90, 95, 3,000, 05, 15, 20, 25, 30, 25, 22, 30, 25. Kerbs: Three months £3,020, 25, 20, 10, 3,000, 3,020, 10, 05. Turnover: 3,340 tonnes.

SILVER

Silver was fixed 52.9p an ounce lower for spot delivery in the London bullion market yesterday at 698.2p. U.S. equivalents of the fixing levels were: spot $10.4, down 84c; three-month $10.648, down 84.5c; six-month $10.888 down 89.4c; and 12-month $11.46, down 93c. The metal opened at 709p-711p ($10.60-10.65) and closed at 687-689p ($10.35-10.39).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	698.20p	—52.9	697.5p	—58.8
3 months	714.75p	—53.3	714.25p	—60.5
6 months	730.50p	—55.9	—	......
12 months	767.60p	—57.9	—	......

LME—Turnover 183 (112) lots of 10,000 ozs. Morning: Three months 712.0, 13.0, 14.0, 14.5, 15.0, 14.0, 14.5, 14.0, 14.2, 14.5. Kerb: three months 715, 16, 15. Afternoon: three months 715.5, 15.6, 15.6, 15, 14. Kerb: three months 715, 14, 13.5, 13.

COCOA

A steadier opening £10 above the previous close could not be sustained and during a rather dull day levels eased to a quiet final call. Physical cocoa was active in the near but generally neglected for the forward positions, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Dec.	1480-81	—17.0	1507-74
March	1474-75	—18.0	1500-66
May	1485-86	—14.0	1507-76
July	1495-98	—12.0	1510-90
Sept.	1507-08	—11.5	1510-05
Dec.	1505-15	—20.0	1528-08
March	1510-40	—	—

ICCO—Indicator prices (U.S. cents per pound). Daily price for Oct 3: 96.31 (98.14); five-day average for Oct 4 97.46 (97.90).

Sales: 2,687 (4,683) lots of 10 tonnes.

COFFEE

Early Commission House buying prompted additional dealer and trade business for prices to show gains of £15-£30 by the morning's end, reports Drexel Burnham and Lambert. Despite occasional bouts of profit-taking, afternoon dealings followed a similar pattern with values finishing on a very quiet note having recorded gains of up to £58 and new contract highs in all traded positions.

COFFEE	Yest'day's Close	+ or —	Business Done
Nov.	1841-42	+4.95	1842-1799
January	1823-25	+57.5	1830-1775
March	1740-41	+57.0	1741-1704
May	1704-06	+33.0	1705-1686
July	1675-80	+26.0	1675-1658
Sept.	1660-65	+28.0	1668-1650
Nov.	1635-50	—	—

Sales: 3,601 (2,825) lots of 5 tonnes.

ICO Indicator prices (U.S. cents per pound) for September 30: Comp daily 1979 129.90 (129.46): 15-day average 127.60 (127.33).

GRAINS

	WHEAT		BARLEY	
Mnth.	Yestrday's close	+ or —	Yest'day's close	+ or —
Nov.	120.75	—0.25	116.05	—0.25
Jan.	124.10	—0.10	121.15	—0.20
Mar.	126.75	+0.05	123.70	—
May	129.50	—0.05	126.60	—0.05
July	129.75	+0.05	—	—
Sept.	119.75	—	115.75	—

Both wheat and barley markets were extremely quiet with early gains quickly lost on merchant selling. Markets closed 20 down to 5 up on wheat with barley 15 down to unchanged, reports Muirpace.

Business done—Wheat: Sept 120.00 only, Nov 121.20-120.75, Jan 124.50-124.00, March 127.00-126.65, May 129.75-129.45, July untraded. Sales: 78 lots of 100 tonnes. Barley: Sept untraded, Nov 118.30-117.90, Jan 121.20-121.00, March 123.70-123.50, May 125.65-125.55. Sales: 31 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent Oct 133.50, Nov 134.25, Dec 135.50 transhipment East Coast sellers. English Feed fob Oct 124, Oct/Dec 128 East Coast, Jan/March 129.75 East Coast sellers. Maize: U.S./French Oct 145, Nov 147 transhipment East Coast sellers. Barley: English feed fob 120, Oct/Dec 124.50, Jan/March 127 sellers.

POTATOES

A strong market, triggering further stop loss buying levels to add to rise, with April registering 230.00 before easing back on light profit-taking, reported Coley and Harper.

Month	Yestday's close	Previous close	Business Done
	£ per tonne		
Nov.	154.20	151.00	158.00-51.5
Feb.	191.00	186.00	192.50-89.9
April	225.90	219.00	230.00-22.9
May	231.50	224.50	234.00-25.9
Nov.	88.00	85.00	—

Turnover: 1,583 (1,019) lots of 40 tonnes.

RUBBER

The physical market opened slightly easier, attracting little interest throughout the day and closing dull, reported Lewis and Peat. The Kuala Lumpur September fob price for RSS No 1 was 252.25 (252.00) cents a kg and for SMR20 210.5 (211.0).

No. 1 R.S.S.	Yest'day's close	Previous close	Business Done
	£ per tonne		
Nov.	765-780	760-761	—
Dec.	770-774	778-780	—
Jan-Mch	777-779	787-788	779-775
Apl-Jne	796-800	804-805	799-794
Jly-Sept	808-814	819-830	—
Oct-Dec	824-828	834-835	—
Jan-Mch	839-843	849-850	—
Apl-Jne	854-860	866-868	—
Jly-Sept	868-876	881-884	—

Sales: 20 (201) lots of 15 tonnes, — (32) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 77.00p (77.50), Nov 78.00p (same), Dec 78.50p (same).

SOYABEAN MEAL

The market opened £3.00 higher on follow-through buying, reports T. G. Roddick. Prices eased on trade selling and slight profit-taking closing market with gains of £1.50.

	Yestday's close	+ or —	Business Done
	£ per tonne		
October	174.80-85.00	+0.25	—
Dec.	187.50-88.00	+1.40	190.00-85.90
Feb.	134.00-84.20	+0.25	136.00-83.70
April	134.00-84.50	+0.25	136.80-83.00
June	181.00-82.50	+0.50	184.00-83.50
August	181.50-85.00	+9.50	—
October	165.00-84.00	+1.00	185.00

Sales: 202 (105) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £161.50 (£156.00) a tonne for Sept-Oct-Nov shipment. White sugar £181.00 (£175.00).

No. 4 Contract	Yest'day's close	Previous close	Business done
	£ per tonne		
Oct	—	—	—
Dec	174.75-75.50	171.25-71.50	175.50-68.50
Mar	181.50-84.50	181.00	185.25-77.50
May	185.50-89.75	188.00-85.25	190.50-85.25

Tate and Lyle delivery price for granulated basis sugar was £271.25 (£265.25) a tonne for export.

International Sugar Agreement (U.S. Caribbean ports). Prices for Sept 30: Daily price 9.54 (8.58): 15-day average (cents per pound), fob and stowed 9.23 (9.24).

TEA AUCTIONS

LONDON TEA AUCTION — 18,745 packages on offer in this week's sale including 400 packages in the offshore section. A strong and active market new season Assams again attracted widespread support at 5p-10p dearer rates for all better medium and quality teas. African etc's also met good competition particularly brighter sorts which often gained 2p-5p per kilo. All others were fully firm and generally dearer. Ceylons showed some irregularity but South Indians mostly advanced in price: Quality 180 (176): medium 166 (160): low medium 144 (142).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 260 tonnes. Fair offtake with renewed interest in Middle Eastern qualities. Occasional support came in African growths.

WOOL FUTURES

LONDON NEW ZEALAND CROSS-BREDS—Close (in order: buyer, seller, business). New Zealand (cents per kg): Oct 429, 430, 430-429; Dec 422, 425, 424-421; Jan 421, 423, 422-421; March 428, 430, 429-428; May 437, 439, 439; Aug 450, 453, 450; Oct 452, 454, 452; Dec 465, 457, 456-454; Jan 460, 463, 460; March 470, 475, 470. Sales: 67.

INDICES

FINANCIAL TIMES

Sept. 30	Sept. 29	M'th ago	Y'ar ago
288.14	287.75	291.96	227.53

(Base: July 1 1952=100)

REUTERS

Oct. 3	Sept. 30	M'th ago	Y'ar ago
1883.7	1882.9	1911.2	1501.9

(Base: September 18 1931=100)

MOODY'S

Sept. 30	Sept. 29	M'th ago	Year ago
1061.9	1056.2	1090.5	972.7

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Sept. 30	Sept. 29	Month ago	Year ago
Spot	141.35	141.75	147.05	121.08
Fut's	146.92	147.26	153.11	128.47

(December 31 1931=100)

MEAT/FISH

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 80.0 to 86.0. Eire hindquarters 92.0 to 96.0, forequarters 58.0 62.0. Veal: Dutch hinds and ends 144.5 to 148.0. Lamb: English small 60.0 to 64.0, medium 58.0 to 62.0, heavy 58.0 to 58.0. Imported: New Zealand PL 59.5 to 60.0, PX 56.5 to 57.0. Pork: English under 100 lb 52.0 to 55.5, 100-120 lb 50.0 to 54.0, 120-160 lb 46.0 to 51.0.

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £4.50-£7.00, codlings £3.00-£4.00; small haddock £2.00-£3.00; large plaice £5.00-£5.50, medium 4.00-£5.50, best small £4.00-£4.60; skinned dogfish, large £8.00, medium £6.00; lemon sole, large £11.00, medium £5.00; rockfish £4.00.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Clementines—Spania 8.00-8.50. Tangerines—Brazilian Honey, tray 5.80-6.00. Oranges—Outspan: Valencia Lates 40 6.00, 48 6.80, 56 7.70, 72 7.55, 88 7.40, 112 8.40, 138 5.10, 150 5.10; Brazilian: Valencia Lates 8.00-6.50. Lemons — Outspan: carton 9.00-12.00, small sizes 6.00-8.00; Italian: carton 7.50-8.50; Turkish 7.00-8.00; Chilean: box 11.00-12.00. Grapefruit—Outspan: 27 5.70, 32 6.70, 36 6.90, 40 6.80, 48 7.40, 56 7.40, 64 7.40, 72 6.00; Honduras: box 6.00-6.50; Dominican: 5.80-6.80; Cuban: 4.80-5.00. Apples—French: Golden Delicious (new crop) carton 5.50-5.80, half-carton 2.60-2.80, Granny Smith 9.50-9.80, half-carton 4.80-5.00. Starkrimson, carton 7.00-7.40. Pears—French: per pound Williams 0.15; Italian: Williams 0.16-0.20. Grapes—Italian: per pound Alphonse 0.30-0.32, Italia 0.30-0.34; Spanish: Italia 0.30-0.35, Almeria 0.20-0.22, Napoleon 0.28-0.30. Nectarines—Italian: large trays 8.50-7.00. Plums—Italian: per pound Stanley 0.14-0.15, President 0.20-0.25; Romanian: Blue 0.15. Water-melons—Spanish: 15-kgs 2.00-2.40. Melons — Spanish: Yellow 10-kgs 2.50-3.50, Green 3.00-3.50; French: large trays Charentais 5.00-6.00, Gaila large trays 4.00-4.50. Bananas—Colombian: 40-lb boxes 10.60-11.00. Avocados — South African: 5.50-6.00; Canary: 5.50-5.00. Pineapples — each, Kenyan: 1.20-1.80; Ivory Coast: 0.35-1.20. Paw Paws—Brazilian: 8.00-7.00. Mangoes—Brazilian: 6.00-8.00. Fennel—Dutch: 5-kgs 5.20-5.50. Kiwifruit—New Zealand: 5.00-6.20. Tomatoes—Spanish: tray 2.50-3.00; Dutch: tray 2.80-3.00. Beefsteak 4.00-4.20. Aubergines—Dutch: 5-kgs 5.50-6.00. Onions—Spanish: Grano 25-kg nets 4.00; Dutch: 50-70 mm 4.00. Capsicums—Dutch: Yellow 6.00-6.20, Green 3.50, Red 6.00. Cabbages—Dutch: Red 3.00, White 5.90. Potatoes—Cyprus: 44-lb bag 4.00-4.20. Sugar Peas—Kenyan: Per pound 1.50-2.00. Globe Artichokes—French: 24s 9.60-10.00. Lettuce—U.S.: Iceberg 30s 14.00-15.00. Cucumbers—tray Dutch: 3.00-3.20; Spanish: 2.20-2.40. Courgettes — French: per pound 0.20-0.24.

English produce—Apples—per pound, Bramley new season 0.10-0.14, Howgate 0.08, Worcester Pearmain 0.14-0.20, Cox's 0.16-0.24, Russet 0.18-0.20, Charles Ross 0.12-0.14. Pears — per pound, Comice 0.18-0.23, Conference 0.08-0.14. Strawberries — 8-ozs 0.35-0.50 according to condition. Raspberries—4-oz punnets 0.40-0.70 according to quality. Plums — per pound Marjorie 0.22-0.24. New potatoes — 4.00-5.00. Mushrooms — per pound, open 0.60-0.70, closed 0.90-1.00. Lettuce —per tray round 0.80-1.00, Webb's 2.00-2.30, Cos 1.80-2.?, Iceberg, per dozen 7.50-8.00. Onions—per 55-lbs 3.80-4.00. Cabbages—per 25-lbs Primo 3.00-3.20. Greens—28-lbs, Kent 2.50-3.00. Cauliflowers—12s Lincoln 2.50-3.50. Cucumbers—2.80-3.20. Tomatoes—Hothouse 12-lbs 2.00-2.30. Celery—3.00-3.50. Beetroots—28-lbs 2.20-2.80. Turnips—28-lbs 2.00-3.00. Swedes—28-lbs 1.50-1.80. Sugar peas—per pound 1.50-2.00. Capsicums — Green per pound 0.20-0.25. Corn cobs—each 0.08-0.14. Leeks—per pound 0.25-0.30. Carrots—28-lbs 1.50-2.00. Parsnips—28-lbs 2.50-3.00. Courgettes — per pound 0.15-0.20. Stick beans — per pound 0.25-0.30. Sprouts—per pound 0.20-0.22.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling weak

The dollar and sterling weakened at the start of London foreign exchange trading yesterday, but while the dollar then remained fairly steady for the rest of the day, the pound lost further ground on the announcement of a cut in Bank of England money market dealing rates followed by a reduction in clearing bank base rates.

Expectations of lower interest rates were also behind the dollar's softer tone, despite an unexpectedly large rise of $2.3bn in U.S. M1 money supply on Friday, and the high level of Federal funds before the weekend, because of end of quarter pressures. On the other hand, a fall of 0.1 per cent in leading economic indicators, against expectations of a 0.8 per cent rise, suggested that there is little fear of overheating in the U.S. economy at present.

DOLLAR — Trade-weighted index (Bank of England) 126.7 against 122.7 six months ago. The dollar has retreated from the peaks touched in August, amid growing hopes that a sustained fall may be imminent following several weeks of good U.S. M1 money supply figures. An easing of the Federal Reserve monetary policy, leading to lower U.S. interest rates, has been anticipated for some time, but previous disappointments will encourage some caution.

The dollar fell to DM 2.6190 from DM 2.6310 against the D-mark; to FFr 7.9675 from FFr 7.9925 against the French franc; to SwFr 2.1090 from SwFr 2.1205 in terms of the Swiss franc; and to Y233.75 from Y235.60 against the Japanese yen.

STERLING — Trading range against the dollar in 1983 is 1.6245 to 1.4540. September average 1.4991. Trade-weighted index 82.9, against 83.2 at noon, 83.5 in the morning, 83.8 at the previous close, and 79.5 six months ago. The pound has tended to weaken recently, although the decline against Continental currencies is probably welcomed, and has not prevented the long awaited cut of ½ per cent in London clearing bank base lending rates.

The pound opened at $1.4933-1.4045, and touched a peak of $1.4940-1.4950. It fell to a low of $1.4815-1.4825 after the announcement of the base rate cut, and closed at $1.4835-1.4845, a fall of 1.30 cents on the day. Sterling also fell to DM 3.89 from DM 3.94; FFr 11.82 from FFr 11.9650; SwFr 3.1325 from SwFr 3.1775; and Y347 from Y353.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. September average 2.6683. Trade weighted index 126.3 against 131.1 six months ago. Until the recent easing of U.S. M1 money supply, the D-mark had been at its lowest level against the dollar for nearly 10 years, reflecting the large differential between U.S. and German interest rates. However, there now appears to be a gradual shift in emphasis towards economic fundamentals with the D-mark looking increasingly attractive on this basis.

The dollar was fixed lower at yesterday's fixing in Frankfurt at DM 2.6215, down from DM 2.6391 on Friday. There were no new factors in the market but dealers expressed surprise that the dollar has not reacted to a rise in the latest U.S. M1 money supply.

FRENCH FRANC — Trading range against the dollar in 1983 is 8.22 to 6.6069. September average 8.0571. Trade weighted index 67.6 against 71.1 six months ago. The French franc has weakened a little within the EMS just recently reflecting a renewed upward trend by the D-mark. It is still comfortably placed, however, and remains close to its upper limit against the Belgian franc. A sharp appreciation by the D-mark could provide fresh strains, however.

The French franc improved against the dollar at yesterday's fixing in Paris. The dollar slipped to FFr 7.9890 from FFr 8.0090 while sterling was lower at FFr 11.875 from FFr 11.9610. Within the EMS the Belgian franc recovered to FFr 14.98 per BFr 100 from FFr 14.97 and the D-mark was higher at FFr 3.0410 from FFr 3.0346.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU October 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.8331	+2.08	+1.68	±1.5447
Danish Krone	8.14104	8.15897	+0.22	−0.18	±1.6425
German D-Mark	2.24184	2.25851	+0.74	+0.34	±1.0842
French Franc	6.87456	6.86593	−0.13	−0.53	±1.4052
Dutch Guilder	2.52595	2.52607	—	−0.40	±1.4964
Irish Punt	0.72569	0.724644	−0.14	−0.54	±1.6699
Italian Lira	1403.49	1368.80	−2.47	−2.47	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Oct. 5	£	$		£ Note Rates
Argentina Peso	19.45-19.51	13.065-13.066	Austria	27.45-27.75
Australia Dollar	1.6505-1.6525	1.1125-1.1130	Belgium	80.15-80.95
Brazil Cruzeiro	1,094.65-1,098.85	735.0-738.0	Denmark	14.03-14.17
Finland Markka	8.2820-8.3950	6.5540-5.6660	France	11.82-11.94
Greek Drachma	138.00-138.50	92.30-92.50	Germany	3.88½-3.98½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* Selling rate.

CURRENCY MOVEMENTS

Oct. 5	Bank of England Index	Morgan Guaranty Changes%
Sterling	82.9	−8.4
U.S. dollar	126.7	+15.2
Canadian dollar	92.1	+1.1
Austrian schilling	117.2	+5.4
Belgian franc	90.8	−11.5
Danish kroner	80.1	−6.0
Deutsche mark	126.3	+7.8
Swiss franc	152.6	+13.9
Guilder	115.8	+5.1
French franc	67.6	−14.4
Lira	49.8	−11.4
Yen	153.0	+10.8

Morgan Guaranty changes: average 1980-1982=100. Bank of England index (base average 1975=100).

CURRENCY RATES

Oct 5	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.711572	0.578197
U.S. $	8½	1.05946	0.860878
Canadian $	9.49	*	1.06060
Austria Sch	3¾	19.5343	15.8838
Belgian F	0	56.3650	45.8331
Danish Kr.	7½	10.0310	8.15897
D mark	4	0.77737	2.25851
Guilder	5	3.10528	2.50507
French F	0½	8.44284	6.86593
Lira	17	1683.48	1368.80
Yen	5½	248.126	201.290
Norwgn Kr	8	7.76372	6.30861
Spanish Pta	—	160.317	130.440
Swedish Kr	8½	8.25955	6.71015
Swiss Fr	4	2.23758	1.81878
Greek Dr'ch	20½	N/A	79.5967

* C$/SDR rate for Sept 30: 1.30234.

THE POUND SPOT AND FORWARD

Oct 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.12
Canada	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	0.17
Nethlnd.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.22
Belgium	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.10
Denmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.17
Ireland	1.2475-1.2575	1.2480-1.2500	0.25-0.35p dis	−2.88	0.85-0.95dis	−2.88
W. Ger.	3.88-3.92½	3.88½-3.89½	1½-1pf pm	3.85	3½-3¼ pm	3.60
Portugal	183.00-186.00	183.50-184.00	170-450c dis	−20.24	700-1215dis	−20.84
Spain	224.50-227.50	224.80-224.90	245-315c dis	−14.95	700-830dis	−13.61
Italy	2,354-2,376	2,354½-2,356½	14-16 lire dis	−7.64	46-50 dis	−8.15
Norway	10.86-10.96	10.87-10.88	3.20-3.85ore dis	−3.89	9.35-10.05dis	−3.67
France	11.81-11.91	11.81½-11.82½	3-4c dis	−3.55	14¼-15¼dis	−4.99
Sweden	11.67-11.85	11.68-11.70	2.05-2.60ore dis	−2.41	7.85-8.50dis	−2.82
Japan	345-380	346½-347½	6.95-0.75y pm	2.94	2.45-2.25 pm	2.71
Austria	27.30-27.70	27.33-27.38	10½-8½gro pm	4.11	23½-18½ pm	3.18
Switz.	3.12½-3.16½	3.12¾-3.13¾	1¾-1¼c pm	6.22	4½-4 pm	5.43

Belgian rate is for convertible francs. Financial franc 90.05-90.15. Six-month forward dollar 0.10-0.15c dis, 12-month 0.35-0.45c dis.

THE DOLLAR SPOT AND FORWARD

Oct 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4815-1.4950	1.4835-1.4845	0.03c pm-0.02 dis	0.04	0.02-0.07dis	−0.12
Ireland†	1.1870-1.1900	1.1870-1.1880	0.34-0.29c pm	3.15	0.88-0.78 pm	2.81
Canada	1.2310-1.2325	1.2320-1.2325	0.04-0.01c pm	6.24	6.11-0.08 pm	0.31
Nethlnd.	2.9280-2.9360	2.9280-2.9300	0.90-0.80c pm	3.48	2.47-2.37 pm	3.31
Belgium	53.15-53.26	53.20-53.22	3-1c pm	0.45	3-1 pm	0.15
Denmark	9.4500-9.4800	9.4620-9.4670	0.80-0.30ore pm	0.70	0.1pm-0.4dis	−0.06
W. Ger.	2.6135-2.6250	2.6185-2.6195	0.93-0.88pf pm	4.14	2.49-2.44pm	3.76
Portugal	123.40-124.00	123.70-124.00	110-280c dis	−18.89	450-800 dis	−20.18
Spain	151.40-151.80	151.45-151.55	165-205c dis	−14.65	480-580 dis	−13.99
Italy	1,587-1,590½	1,587-1,588	10½-11½ lire dis	−8.11	31½-33½dis	−8.18
Norway	7.3230-7.3310	7.3260-7.3290	2.25-2.55ore dis	−3.93	6.20-6.50dis	−3.46
France	7.9475-7.9800	7.9650-7.9700	2.28-2.38c dis	−3.51	8.65-9.90dis	−4.90
Sweden	7.7900-7.8110	7.8025-7.8075	1.50-1.70ore dis	−2.46	5.20-5.40dis	−2.72
Japan	232.90-234.30	233.70-233.80	0.61-0.56y pm	3.01	1.68-1.63 pm	2.84
Austria	18.42-18.45½	18.44-18.45	6.40-5.90gro pm	3.97	16-14 pm	3.25
Switz.	2.1085-2.1165	2.1085-2.1095	1.11-1.06c pm	6.17	2.90-2.85 pm	5.45

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 53.95-54.00.

EXCHANGE CROSS RATES

Oct. 3	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.484	3.890	347.0	11.82	3.133	4.350	2356.	1.827	78.95
U.S. Dollar	0.674	1.	2.621	233.8	7.965	2.111	2.931	1587.	1.231	53.20
Deutschemark	0.257	0.382	1.	89.20	3.039	0.805	1.118	605.6	0.470	20.30
Japanese Yen 1,000	2.882	4.277	11.21	1000.	34.05	9.027	12.54	6786.	5.265	227.5
French Franc 10	0.846	1.255	3.291	293.6	10.	2.650	3.680	1993.	1.546	66.79
Swiss Franc	0.319	0.474	1.242	110.8	3.773	1.	1.389	752.0	0.583	25.20
Dutch Guilder	0.230	0.341	0.894	79.77	2.717	0.720	1.	541.5	0.420	18.15
Italian Lira 1,000	0.425	0.630	1.651	147.3	5.018	1.330	1.847	1000.	0.776	33.52
Canadian Dollar	0.547	0.812	2.129	189.9	6.470	1.715	2.381	1289.	1.	43.21
Belgian Franc 100	1.267	1.880	4.927	430.8	14.97	3.968	5.510	2984.	2.314	100.

FINANCIAL FUTURES

Mixed trading

Prices showed little overall change in the London International Financial Futures Exchange yesterday. Euro-dollar prices opened lower on profit-taking but gained support after the opening of U.S. markets to finish little changed on the day. The market appeared to accommodate a $2.3bn rise in U.S. M1 money supply on Friday and a firm Federal funds rate with the latter discounted as a reflection of end-of-quarter pressures. There was little incentive gained from a virtually static cash market and trading was also inhibited ahead of this week's meeting of the Federal Open Market Committee. The December Euro-dollar price opened at 90.40, up from 90.36, but soon dipped to a low of 90.32 before finishing at 90.35.

Short sterling prices were a little lower despite the cut in Bank of England dealing rates and a half point cut in clearing bank base rates to 9 per cent. Both of these had been discounted to a large extent with the December price touching a best level of 90.80 before coming back to finish at 90.73 after an opening level of 90.77 and Friday's close of 90.75.

Early trading in the gilt sector saw prices lose ground on sterling's weaker performance but the market soon lost direction. There was some buying after the cut in base rates but there appeared to be a certain lack of conviction. A dip below the 107 level seemed to attract fresh support and the December price finished at 107-105 up from a low of 106-24 but down from an opening level of 107-08 which was also Friday's close.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
Dec	90.35	90.41	90.32	90.36
March	90.01	90.04	89.99	90.01
June	89.76	89.77	89.75	89.80
Sept	89.49	—	—	89.51
Dec	89.25	—	—	89.28

Volume 1,602 (1,619)
Previous day's open int. 6,680 (6,664)

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.73	90.80	90.71	90.75
March	90.39	90.48	90.38	90.45
June	90.20	90.20	90.20	90.23
Sept	89.90	89.90	89.90	90.00
Dec	89.86	—	—	89.96

Volume 1,543 (531)
Previous day's open int. 4,763 (4,702)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	107-05	107-11	106-24	107-11
March	106-25	106-25	106-20	106-30
June	106-11	—	—	106-14
Sept	105-29	—	—	105-30
Dec	105-16	—	—	105-18

Volume 1,868 (1,329)
Previous day's open int. 2,834 (2,845)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 18 to 28 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4845	1.4950	1.4830	1.4965
March	1.4858	—	—	—
June	1.4870	—	—	1.4879

Volume 301 (158)
Previous day's open int. 870 (859)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3840	0.3846	0.3837	0.3829
March	0.3874	—	—	0.3863
June	0.3907	—	—	0.3896

Volume 120 (73)
Previous day's open int. 481 (449)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4785	0.4792	0.4784	0.4783
March	0.4840	—	—	0.4818
June	0.4867	—	—	0.4345

Volume 22 (16)
Previous day's open int. 122 (115)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4303	0.4311	0.4297	0.4756
March	0.4333	—	—	0.4736
June	0.4368	—	—	0.4333

Volume 68 (58)
Previous day's open int. 222 (222)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	72-19	72-28	72-12	72-23
March	72-01	72-16	71-27	72-05
June	71-20	71-25	71-14	71-23
Sept	71-06	71-13	71-02	71-11
Dec	—	71-03	70-24	71-01
March	—	70-28	70-16	70-25
June	—	—	—	70-18
Sept	—	70-06	70-04	70-12
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	91.06	71.13	91.04	91.12
March	—	90.73	90.67	90.72
June	—	90.47	90.42	90.48
Sept	90.28	90.24	90.21	90.23
Dec	90.01	90.01	89.99	90.02
March	89.81	—	89.81	89.82
June	—	—	—	89.62
Sept	—	—	—	89.43

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.36	90.13	90.05	90.09
March	90.01	89.74	89.69	89.72
June	89.76	89.49	89.44	89.46
Sept	89.49	89.22	89.18	89.19
Dec	89.25	88.96	88.90	88.92

CERT. DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.50	90.54	90.46	90.51
March	90.09	90.11	90.05	90.10
June	—	89.82	89.77	89.80
Sept	—	89.56	89.52	89.53
Dec	—	—	—	—

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Dec	1.4790	1.4905	1.4780	1.4945
March	—	1.4920	1.4785	1.4956
June	1.4830	1.4955	1.4820	1.4965
Sept	1.4830	1.4880	1.4820	1.4975
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-24	68-30	68-15	68-27
March	67-27	67-28	67-19	67-29
June	67-03	67-03	66-29	67-06
Sept	66-15	—	—	66-21
Dec	66-03	66-03	65-31	66-07
March	—	—	—	—
June	—	—	—	65-17
Sept	—	65-04	65-00	65-09
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—
Sept	—	—	—	—

MONEY MARKETS

Cut in bank base rates

UK clearing bank base lending rate 9 per cent (since October 4 & 5)

Dealers in the London money market were taken by surprise when the Bank of England signalled a reduction in clearing bank base rates by cutting its dealing rates yesterday morning. A cut in rates had been anticipated for some time, but after a substantial delay it had been assumed that the authorities were waiting for the mid-September money supply figures to be published next week.

National Westminster Bank immediately reduced its base lending rate to 9 per cent from 9½ per cent, and during the rest of the day was followed by the other clearers.

The Bank of England forecast a money market shortage of £300m, but this was later revised to £400m, and the authorities provided total assistance of £487m, bringing the level of day-to-day money down to 3-4 per cent at the close, from an opening level of 9½ per cent.

Bills maturing in official hands, repayment of late advances, and a take-up of Friday's Treasury bill tender drained £308m, while Exchequer transactions absorbed another £36[illegible]m. These were partly offset by a fall in the note circulation adding £236m to liquidity, and bank balances above target of £68m.

Before lunch the authorities provided assistance of £228m by buying £10m Treasury bills in band 1 (up to 14 days maturity) at 9$\frac{7}{16}$ per cent; £1m bank bills in band 1 at 9$\frac{7}{16}$ per cent; £93m bank bills in band 2 (15-33 days) at 9-9⅛ per cent; £74m bank bills in band 3 (34-63 days) at 8$\frac{15}{16}$-9⅛ per cent; and £50m bank bills in band 4 (64-91 days) at 9 per cent.

In the afternoon another £184m bills were purchased outright by way of £3m bank bills in band 1 at 9$\frac{1}{16}$ per cent; £156m bank bills in band 2 at 9 per cent; and £25m at 8$\frac{15}{16}$ per cent.

The help was completed when the Bank of England gave late assistance of £75m.

In New York the Federal Reserve added funds to the banking system by three-day repurchase agreements when Federal funds were trading at 9¾ per cent. On Friday demand for money at the end of the quarter pushed Federal funds up to around 10 per cent, and at yesterday lunchtime overnight money still commanded 9½ per cent.

LONDON MONEY RATES

Oct. 3 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	3-10	9¼-9⅞	—	—	9-10½	3-9¾	—	—	—
2 days notice	—	—	9¼-9⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¾-10½	—	—	—	—
7 days notice	—	9½-10	9⅝-9⅞	—	—	—	9-9¼	—	—	—
One month	9⅛-9$\frac{1}{16}$	9⅜-9¼	9⅝	10-9⅝	9½	9¾-10	9	9$\frac{1}{16}$	9$\frac{1}{16}$	9$\frac{1}{16}$
Two months	9⅛-9¼	9⅜-9$\frac{1}{16}$	9⅜	9⅞-9½	9½	9⅞	8⅞	9	8$\frac{15}{16}$-9	9⅝
Three months	9$\frac{1}{16}$-9¼	9⅜-9⅜	9½	9⅞-9½	9½	9⅞	8¾-9	8⅞-8$\frac{15}{16}$	8$\frac{15}{16}$-8$\frac{7}{8}$	9$\frac{1}{16}$
Six months	9⅜-9$\frac{7}{16}$	9½-9⅝	9½	9½-9¾	9½	—	—	—	5½-9	9⅝
Nine months	9$\frac{9}{16}$-9⅝	9⅝-9⅞	9½	9⅞-9½	9$\frac{11}{16}$	—	—	—	—	—
One year	9¾-9⅝	9$\frac{11}{16}$-9$\frac{13}{16}$	9$\frac{11}{16}$	9⅞-9½	9$\frac{13}{16}$	—	—	—	—	—
Two years	—	—	10⅛	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average Rate for interest period August 2 to September 5 1983 (inclusive) 9.930 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅞ per cent; four years 10⅞-11 per cent; five years 11 per cent. ◆ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 9 per cent; four months' trade bills 9⅝ per cent.

Approximate selling rate for one-month Treasury bills 8 per cent; two months 8⅞-8$\frac{27}{32}$ per cent and three months 8$\frac{15}{16}$-8$\frac{27}{32}$ per cent. Approximate selling rate for one month bank bills 9 per cent; two months 8$\frac{31}{32}$ per cent and three months 9⅛ per cent; trade bills 9$\frac{7}{16}$ per cent; two months 9⅜ per cent and three months 9$\frac{11}{32}$ per cent.

Finance Houses Base Rate (published by the Finance Houses Association) 10 per cent from October 1, 1983. London and Scottish Clearing Bank Rates for lending 9 per cent. London Deposit Rates for sums at seven days' notice 5½ per cent.

Treasury Bills: Average tender rates of discount 8.9680 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9¾ per cent; one-three months 9¾ per cent; three-six months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9¾ per cent from September 29. Deposits held under Series 4-5 10 per cent. The rates for all deposits withdrawn for cash 5 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES

(Market closing rates)

Oct. 3	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9$\frac{11}{16}$-9$\frac{13}{16}$
U.S. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9$\frac{15}{16}$-10$\frac{1}{16}$
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9$\frac{11}{16}$-9$\frac{13}{16}$
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15½-16½
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	18¼-19
Belg. Franc Conv.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10-10½
Fin.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9⅞-10⅛
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	10⅞-11
Asia $ (Sing.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9$\frac{15}{16}$-10$\frac{1}{16}$

FT LONDON INTERBANK FIXING

(11.00 a.m. OCTOBER 3)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 7/16	offer 9 9/16	bid 9 5/8	offer 9 3/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9$\frac{7}{16}$-9½
Treasury bills (13-week)	8.75
Treasury bills (26-week)	8.88

GERMANY

Lombard	5.5
Overnight rate	5.55
One month	5.775
Three months	5.175
Six months	6.25

FRANCE

Intervention rate	12.25
Overnight rate	12.875
One month	12.50
Three months	12.5625
Six months	12.6875

JAPAN

Discount rate	5.5
Call (unconditional)	6.40675
Bill discount (3-month)	6.84375

SWITZERLAND

Discount rate	4
Overnight rate	1⅞-2⅞
One month	3$\frac{15}{16}$-3$\frac{11}{16}$
Three months	4$\frac{3}{16}$-4⅞

NETHERLANDS

Discount rate	5½
Overnight rate	5½-5⅞
One month	5⅞-6
Three months	6⅛-6⅜
Six months	6⅛-6⅜

$ CERTIFICATES OF DEPOSIT

One month	9.15-9.25
Three months	9.25-9.35
Six months	9.35-9.45
One year	9.70-9.80

LONG TERM EURO $

Two years	10⅞-11⅛
Three years	11⅛-11⅜
Four years	11⅜-11⅝
Five years	11¾-12

SDR LINKED DEPOSITS

One month	8$\frac{13}{16}$-8$\frac{15}{16}$
Three months	8¾-8⅞
Six months	9-9⅛
One year	9⅛-9¼

ECU LINKED DEPOSITS

One month	8$\frac{13}{16}$-8$\frac{15}{16}$
Three months	9$\frac{1}{16}$-9$\frac{3}{16}$
Six months	9⅜-9½
One year	9¾-10⅛

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on October 3 1983. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.04
Algeria	Dinar	(A) 7.3330
Andorra	French Franc	11.82
	Spanish Peseta	224.75
Angola	Kwanza	(CM) 45.4115
Antigua	E. Caribbean $	4.01
Greenland	Danish Kroner	14.045
Grenada	E. Caribbean $	4.01
Guadaloupe	Local Franc	11.82
Guam	U.S. $	1.4840
Guatemala	Quetzal	1.4840
Guinea	Syli	34.95
Guinea-Bissau	Peso	62.00
Peru	Sol	ex(A)3,059.18
Philippines	Philippine Peso	15.01
Pitcairn Islands	£ Sterling	—
	New Zealand $	9.2530
Poland	Zloty	144.59
Portugal	Portugu'se Escudo	183.76
[illegible]	[illegible]	[illegible]

* Rate is the transfer market (controlled). [illegible]

Dresdner launches first FRN with warrants

BY MARY ANN SIEGHART IN LONDON

DRESDNER BANK has cashed in on the Eurodollar bond market's appetite both for floating rate notes and equity-linked issues by launching the first FRN with share warrants.

The ten-year, $400m note pays ¼ point over the mean of the London interbank bid and offered rate (Libor), and is priced at 105–100 for the stripped bond and 5 (or $50) for the warrants. Dresdner itself is leading the deal, along with Morgan Guaranty.

Each $10,000 bond has four warrants: one to buy one Dresdner Bank share and three to buy eight shares each. The striking price is DM 172, which was also the price of Dresdner shares yesterday, and the warrants have the same 10-year life as the bonds.

Market reaction to the issue was exceptionally good. The stripped bond traded around par, which is very unusual for floater, the warrants were at a small premium – about $55 each.

"There is real demand for quality paper in the FRN market," explained one new issue manager.

The other big deal in the primary market was a $500m, three-tranche bond for Australia. This is the country's first Eurodollar bond issue since 1978. The tranches comprise one for $100m at 11¼ per cent for seven years; the second for $300m at 11½ per cent for 12 years; and the third for $100m at 11¾ per cent for 15 years. All are priced at par, and the deal is led by Deutsche Bank.

Market reaction was mixed. The shortest tranche was popular, trading at a small ⅜ point discount. The other two were less successful, reflecting their long maturities. Straight Eurodollar bonds rarely have lives of more than ten years. Both traded outside their 1½ point selling concessions at discounts of around 1¾ points.

Today, Salomon Brothers will launch a new type of warrant on behalf of its parent company, Phibro-Salomon. These warrants will enable their holder to buy or sell sterling at a fixed rate to the U.S. dollar for one year. There will be 100,000 call warrants – which give the holder the right to buy sterling – and 100,000 'puts' – which enable him to sell sterling.

The strike price on the call warrant will be $1.52 and the price will be around $55 each. Taking a rate of $1.49 to £1, this means that the pound must rise to $1.57½ for the investor to break even.

With the put warrant, the holder is entitled to sell sterling at a rate of $1.46. This will cost around $46 and the break-even point is when the pound reaches $1.41.40.

Salomon intends to make a market in the warrants throughout their life and points out that, unlike the forward currency or futures markets, these have a limited downside risk – the price of the warrants.

The dollar secondary market was extremely quiet yesterday and prices closed unchanged.

From Switzerland comes news of another dual currency deal, hot on the heels of last week's bond for IC Industries. This one, for General Motors Acceptance Corporation (GMAC), is structured along the same lines: the interest will be paid in Swiss Francs at a rate of 7 per cent and the redemption will be in U.S. dollars at a rate of $2700 for each SwFr 5000 bond. The amount will be $54m and the maturity, eight years. Banque Morgan Grenfell en Suisse, the lead manager will price the deal tomorrow.

Today will see the launch of the last issue in the current D-Mark calendar – a DM 150m private placement for the World Bank. The five-year bond will have an 8¼ per cent coupon at an expected price of 99¾. DG Bank will price it finally tomorrow.

Prices rose slightly in both the Swiss and German secondary markets yesterday in moderate turnover.

Ireland is raising £50m in the bulldog bond market, where foreign borrowers issue bonds in the British domestic market. The bond is for twenty-five years and will pay 2.25 per cent more than the equivalent gilt.

Of the bond, 25 per cent is payable on application and the balance in January 1984. Lead managers are S.G. Warburg, County Bank and Hill Samuel.

Britoil to tap U.S. commercial paper

BY OUR FINANCIAL STAFF

BRITOIL, the formerly state-owned UK oil exploration and production company, is to tap the U.S. commercial paper market for up to $150m.

The purpose of the issue is to widen Britoil's sources of finance and to lower the cost of its borrowings. Mr Roy Dantzic, the company's finance director, estimates that the commercial paper market provides funds at a rate about ½ a point cheaper than borrowing in the Eurodollar market.

Only top-rated companies can tap the U.S. commercial paper market, and Britoil, which was floated last year, has been awarded the highest available commercial paper ratings from the two rating agencies, Standard & Poor's and Moody's.

The British National Oil Corporation, Britoil's predecessor, used the U.S. commercial paper market, but Britoil's credit rating had to be re-evaluated because it is now 51 per cent owned by the public.

Mr Dantzic said yesterday that Britoil is widening, rather than increasing its borrowings. "We want to establish our name in worldwide financial markets," he said.

Last Monday, Britoil tapped the Eurodollar bond market for $100m. The amount was subsequently increased to $125m because market demand was so strong.

Scandia to raise loan of £50m

By Peter Montagnon, Euromarkets Correspondent

SCANDIA Financial Services, a UK subsidiary of the Scandia insurance group of Sweden, is raising a £50m credit through a group of banks led by Banque Paribas (London) and Scandinavian Bank.

The credit is a further demonstration of the appeal of sterling business to international banks which was uncovered last month by the launch of a £500m credit for Sweden. About half the money is expected to be provided by foreign banks operating in the City.

Scandia will pay a margin of ½ per cent over sterling interbank rates for the first two years of the credit's life rising to ⅝ per cent for the following five. After four years, lenders may choose to extend the credit for an additional two years giving a final maturity of nine years. Such an extension will carry a ⅛ per cent flat fee.

Scandia will use the proceeds to finance its residential mortgage business within the UK. It offers mortgages to high income individuals in conjunction with life assurance policies arranged through Scandia's insurance division.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for October 3.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	94½	95	+0⅛	0	11.40
Bank of America 8 88 XW	150†	98	87	0	0	12.08
Bank of Tokyo Hold 11 90	100	94¼	95⅛	+0⅛	0¼	12.08
British Col Hyd 10¼ 88	200	97¼	97¾	+0¼	+0¼	10.85
C.C.C.E. 11¾ 97	100	94¾	95½	+0⅜	+1¼	12.52
Can Imp Bk Com 11 00	75	92¾	93⅞	+0⅛	+0¼	12.02
Citicorp O/S 10⅞ 90	100	92¾	93¼	+0⅛	0	11.93
Coca Cola Int 9⅞ 92	100	93¼	93¾	+0⅛	0⅛	11.05
Cred Suisse BAH 10⅞ 90	150†	97	97½	+0½	+0⅜	11.09
Credit Suisse 10¼ 88	100†	99½	100	0	+0¼	10.54
Den Norsk Cred 11¼ 93	50	93¼	94¾	+0⅛	0	12.30
Du Pont 11¼ 95	150	99⅝	100⅛	+0⅛	0	11.25
E.C.S.C. 11⅞ 90	75	98⅞	100⅝	+0⅛	+0¼	11.83
E.D.C. 10¾ 88	100	97⅛	98	+0⅛	0¼	11.41
E.D.C. 11¾ 87	188	101⅛	101⅝	+0⅛	0	11.30
E.D.F. 11⅛ 93	100	93⅝	94¼	+0⅛	+0½	12.22
E.E.C. 11 87	350	98½	99	+0⅛	0½	11.39
E.I.B. 10⅝ 93	200	92⅝	93¼	+0⅛	0¼	12.01
E.I.B. 11 01	125	95½	96	+0⅛	0¼	11.86

OTHER STRAIGHTS (continued)	Issued	Bid	Offer	Change on day	Change on week	Yield
E.I.B. 8⅛ 92	15	102⅛	102¾	0	+0⅛	7.83
Japan Airlines 7⅝ 87	8†	101¾	102¼	0⅛	0	7.17
New Zealand 7⅝ 88	10	102	102½	0⅛	+0⅛	7.14
World Bank 8⅝ 92	20	103⅛	103⅝	0⅛	+0⅛	7.80

Av. price changes: on day ⅛, on week +⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12¼ 90 C$	75†	98⅛	98⅝	0	+0⅛	12.61
Norcen 12¾ 93 C$	60†	96½	97	+0⅜	+0⅛	13.34
TD MTG Corp 12½ 88 C$	40†	99¾	100⅛	0	+0⅜	12.49
Quebec Hydro 12¾ 93 C$	50†	97¾	98¼	—	—	13.12
Quebec Province 12 93 C$	50†	99⅛	100	+0½	+0⅜	12.02
Royal Trustco 12⅛ 88 C$	50†	98⅝	99⅛	—	—	12.98
Xerox Canada 12 88 C$	40†	101⅞	102⅜	0	+0⅛	11.47
E.E.C. 11¼ 93 ECU	70	102	103	—	—	10.82
Sweden 11¼ 01 ECU	40	98½	99½	0⅛	+0⅛	11.42
Algemene Bank 8¾ 88 Fl	150	98⅞	100⅝	0½	0¼	8.71
Bank Mees & Hope 8 88 Fl	75	100¾	101¼	0⅜	0¼	8.74
Elect Supply 8⅝ 88 Fl	75	97⅛	97⅝	0	+0⅜	9.46
P.H.P. 8¾ 88 Fl	50	98¾	100¼	0½	+0⅛	8.74
Swed Exp Cred 7¾ 88 Fl	100	95⅝	96⅛	0⅛	+0⅛	8.88

DEUTSCHE MARK STRAIGHTS (continued)	Issued	Bid	Offer	Change on day	Change on week	Yield
Dresdner Finance 4 90 XW	250†	84	84½	+0⅛	+1	7.81
E.C.S.C. 8 90	100†	100¼	100¾	0⅛	+0¼	7.89
E.E.C. 8¼ 93	250†	101¼	101¾	+0⅛	+1⅛	8.01
Eurofima 7⅛ 90	100†	98	98½	0⅛	0⅛	7.83
Finland Rep 7½ 88	150†	99	99½	+0⅛	+0⅛	7.60
Int-Am Dev Bk 7¾ 93	200†	95½	99	+0⅛	+0¼	8.41
Int Standard Ele 7¾ 93	100†	99½	100	+0⅛	+0⅜	7.70
Japan Dev Bank 7½ 90	100†	100	100¼	+0⅛	+1	7.44
Kobe City 7 93	120†	95⅛	96	0⅛	+0¼	7.83
L.T.C.B. 8 90	100†	101½	102	0	+0⅛	7.65
Renault Acceptance 8 90	150†	99	98½	+0⅛	+0⅛	8.34
S.D.D. France 7⅞ 93	100†	96⅛	97	+0⅛	0	8.37
Sth African Trans 8¼ 90	100†	98¾	99⅛	0⅛	0	8.44
Volkswagen Int 7¼ 93	200†	97¾	98¼	+0⅛	+1⅜	7.54
World Bank 7½ 90	250†	97	97½	0	+0½	8.04
World Bank 7½ 93	300*	96	96½	+0¼	+0⅝	8.07

Av. price changes: on day +⅛, on week +⅝

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
AKZO 5⅝ 93	100	98¾	99	0	+0¼	5.78
Bank of Tokyo 6 91	100	102	102¼	+0¼	+0¼	5.66
Bergen, City of 5¾ 95	40†	99¾	100¼	0	+0⅛	5.75
Carls-Tuborg Brw 5⅝ 93	80†	101½	102	+0⅛	0⅛	5.58
Denmark 6⅝ 91	100	102½	102¾	0⅛	0½	5.94
E.D.C. 5⅝ 91	100	100	100¼	+0⅛	+0½	5.35
E.I.B. 5¾ 93	100	98⅞	99¼	+0⅛	+0⅛	5.88
Ex-Im Bk Japan 5⅝ 91	100	98¾	99	0	+0¼	5.80
Ind Fund Finland 6¼ 91	40	101	101¼	0	+0⅛	6.06
Int-Am Dev Bk 6⅛ 93	100	101	101¼	1	0⅛	5.96
Japan Dev Bank 5½ 93	100	98	98¼	+0¼	0	5.75
Japan Dev Bank 5⅛ 93	100	99⅝	99⅞	0	+0⅜	5.51
Kansai Elec Power 6 91	100	103	103¼	0	+0⅜	5.49
Kawasaki Steel 6⅛ 91	100	101	101⅛	0	0	5.93
Montreal Urban 5⅝ 93	100	101⅞	102	0	+0⅛	5.48
Mount Isa Finance 6 93	100	102¾	103	+0⅜	0⅛	5.61
Nisshin Steel 6⅛ 91	100	100	100⅛	0	+0¼	6.22
Oster Draukraft 6 93	100	102⅛	102⅜	+0⅛	+0⅛	5.69
Oster Post 6⅛ 91	100	102¼	102½	0	0	5.73
Quebec Hydro 5½ 93	100	99¾	100	0⅜	0⅛	5.51
Sekisui House 6 93	100†	101	101½	+0⅛	+0⅜	5.82
Sumitomo Heavy Ind 6 91	100	99¾	100	+0⅛	+0⅜	6.02
Sumitomo Metal Ind 6 91	100	100¼	100½	0⅜	0⅜	5.93
Tokyo Elec Power 5⅞ 91	100	100	100¼	0¼	+0¼	5.85
Trizec Corp 6⅛ 91	100	100¾	101	0⅛	0½	6.09
World Bank 5⅝ 93	100	98	98¼	0¼	+0½	5.88

Av. price changes: on day 0, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅛ 92	15	104⅛	104⅝	0⅛	0	7.93

CONVERTIBLE BONDS (continued)	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Tamanouchi Pharm'cal 4 90	10/83	1899	98¾	101		1.98
NEC Corp 3⅛ 93 SF	6/83	970	149¼	150⅛	†	2.10
Sanyo Electric 3⅛ 93 SF	5/83	501	107	108	+1	12.28
Konishiroku 6⅛ 88 DM	8/82	814	110	110	0⅛	1.38
Mitsubishi Heavy 8 89 DM	2/82	283	112	113¼	1	0.63
Sum Realty 6⅛ 92 DM †	2/83	386	121⅛	122½	0⅛	8.06

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

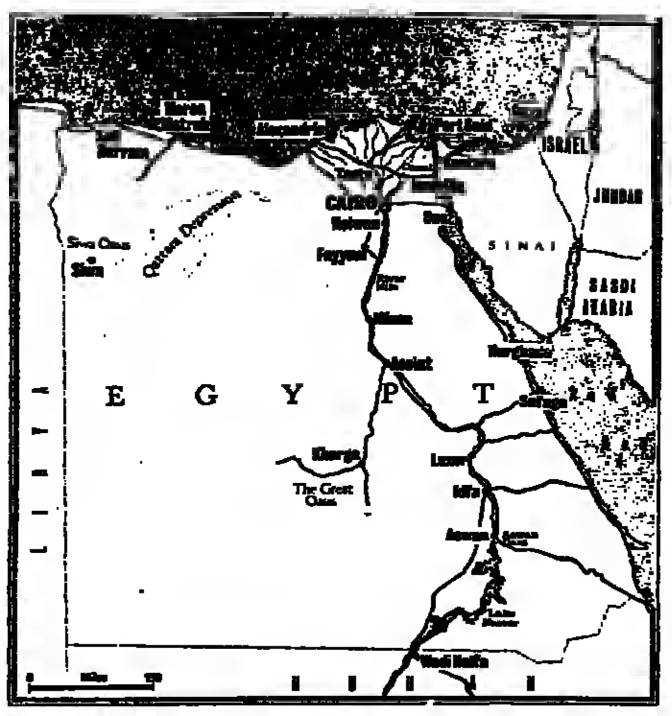
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cu. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

FINANCIAL TIMES SURVEY

EGYPT

Mr Mubarak's sober presidential style has drawn international respect but his caution is holding back progress on the structural changes needed to improve the economy



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Editlorial prodnction: Arthur Dawson. Design: Philip Hunt.

Pictures: Terry Kirk

Many economic challenges ahead

CONSISTENCY, CONTINUITY and caution are the three most obvious characteristics with which Hosni Mubarak has stamped his two-year presidency of Egypt. The nation around which war and peace in the Middle East revolved for 30 years has been led gently to the sidelines of Arab politics without apparent pangs of withdrawal or bouts of introspection.

The stormy excitements, both domestic and foreign provided by Gamal Abdel Nasser and Anwar Sadat, have given way to a calm that seems to have been welcomed by the populace but which may also be deceptively dangerous for a nation facing such deep-seated economic challenges.

By Roger Matthews
Middle East Editor

Mr Mubarak's character matched the needs of Egypt after the assassination of Mr Sadat. Quiet, relatively unassuming yet firm, he made the transition to power with scarcely a false step. The fissures in Egyptian society which had been opened np by an increasingly despairing Mr Sadat in his final months were substantially closed.

Political detainees were released and their hands shaken by the new leader. The killers and plotters who cut down President Sadat were tried, executed or jailed. There was no witch-hunt among the armed forces or military intelligence for their failures on October 6, 1981. No coterie of Mubarak men appeared to take plum jobs. Most government min:.'r's stayed in their posts.

In short, no-one was made to feel threatened, no important self-interests were put at stake. Equally, no one particularly sought to make life difficult for the new President. Among those who derived considerable political influence or financial benefit under Mr Sadat, there was a mood of watchful cantion: to see whether the Vice-President of six years' standing would be the same political animal when he gained full

So far those people must be greatly reassured, as should be Mr Mubarak's inherited partners on the international stage, particularly the United States and Isarel.

There has been an immense change in the style of Egypt's leadership, but the content has not varied greatly. Foreign policy has followed the direction set by Mr Sadat, yet its failures are not the problem they would bave been had he lived.

Although Mr Mnbarak lived through the Sadat dream for a comprehensive Middle East peace, it was not his policy. To watch Israel occupy southern Lebanon and tighten its grip on tha West Bank and Gaza is not a daily reminder of sabotaged ambitions. Instead there is almost a sense of relief in presidential circles that these are not Egypt's immediate concerns.

The analysis of Middle East problems in the Foreign Ministry is still acute, the desire among some officials to be intimately involved still strong, but overlaying that is the knowledge that the political will for individual Egyptian initiatives is lacking.

While Egypt will listen to Arab emissaries and respond warmly to genuine efforts to achieve bilateral improvements in relations, it will not seek to force itself back onto centre stage of the Arab world. Equally it will not promote any improvement in the quality of the peace treaty with Israel until the Government there takes actions which Egypt considers belpful to the cause of peace.

Mr Mubarak undoubtedly values Egypt's ties with the U.S. and the $2bn a year and more received in grants, loans and military credits. But here, too, there are strict limits on the political level of co-operation.

The U.S. suggestion that it might assist in the building of a base on the Red Sea for the use of its Rapid Deployment Force was firmly rebuffed.

Egypt will build it, eventually, and will retain full control over it. The RDF may use it, if Egypt believes U.S. military intervention in the region is required. Mr Sadat, say Egyptian officials, would have said the same.

Perhaps, looking through Cairo newspapers two years after Mr Sadat was killed, it is not surprising that soch continuity can be so accurately claimed. Many of the prominent names are the same, both in government and in the favoured world of semi-official commerce.

The trial, imprisonment and subsequent release of Esmat Sadat, the late President's brother, on charges of corruption caused momentary flutterings among those who became richest, fastest in the past few years. But the tip of the iceberg is still all that can be seen publiclv. Like the road to democracy in Egypt, the unearthing of ill-gotten gains could, once embarked upon, develop undesirable dimensions.

Hence Mr Mubarak's cantion. He would undoubtedly like public service to be an end in itself, as it is for him. In the same way, he would welcome a responsive and responsible political pluralism which could assist in bringing home to the population his message that there are no miracle cures for Egypt's economic ills. However, be remains surrounded by men of even greater caution who believed they learned their lessons in democratic experiments during the Sadat years.

The opposition press has regained a degree of freedom scarcely found elsewhere in the Arab world, but the Government looks likely to set conditions for next year's elections to the National Assembly which will assure the ruling National Democratic Party of its continued dominance.

The old liberal nationalists of the Neo-Wafd Party have popped their beads np over the parapet again but almost certainly will not be given a chance to prove their boast that they would attract a mass following in any half-way fair election.

There are those, including former Sadat ministers, who believe that greater political involvement for the mass of Egyptians is the only way forward. But they suspect that, like Mr Mubarak's brains trust on economic reform last year, no amount of theoretical argument will dent the massive conservatism of the men closest to the Presidency.

However while they cling to the status quo, Egypt cannot. Mr Mubarak bas more than 2m more Egyptians to feed than when he took office and although the birth rate may have slowed slightly it will demand for many more years the annual creation of some 400,000 new jobs. Last year's revenues from the most assured of Egypt's foreign currency earners, the Suez Canal, were less than the amount needed to subsidise cheap food.

The steadily mounting cost of insulating the bulk of the population from world inflation places an immense strain on the balance of payments, wbich threatens to become greater as earnings from oil, the canal, tourism and remittances from workers abroad reach a plateau or begin to decline.

The need to shift from consumptioo to productive investment, particularly in export-orientated industries, is accepted and a few modest steps have been taken. "But it is not micro-economic but macro-political policies we need," says a former Minister. Egyptian industry is still dominated by the public sector and the Egyptian Government is still nominally socialist.

There is a desire to encourage the private sector further — without the exce:ses of the Sadat era — but not to allow it to take on a political identity that would be too much at odds with the rest of the atate.

The more sober, detailed approach which President Mubarak bas brought to Egypt's economic problems, and especlally the ambitions of the Five-Year plan, have been praised by international agencies. The caveats, as ever, are that the reforms which have been undertaken are too modest to arrest the longer-term trends. However, with memories of the 1977 riots still fresh in government minds, so-called structural reforms remain synonymous with unacceptable political risks.

The extent to which popular support can be retained without actions entailing some degree of political risk is an issue which President Mubarak bas not yet sought to address. Egypt's famed political bumour centres on the President's perceived inertia, but it lacks the bitter cutting edge whicb it acquired during the last Sadat years.

President Mubarak bas yet to gather true popular affection, but neither does be appear to have acquired the fanatical batred of the extremist fringe. The attitude within the Armed Forces appears to mirror that of the general public and Mr Mobarak has not been rushed into the selection of a Vice-President, for which post Field Marshal Abdel-Halim Abu Ghazala, the Defence Minister, would be the obvious candidate.

For a period earlier this year, the Field Marshal's frequent public appearances and his willingness to speak on subjects not directly related to military matters, took on the hint of a political campaign. Although his enthusiasm appears to have been reined in somewhat in recent months, be is thougbt to be the driving force behind the Egyptian Army's ever greater involvement in activities outside normal military scope.

The peace-time army can now be found laying telephone lines in Cairo, running farms, purchasing egg-packaging plants from Britain, selling off land for commercial enterprises and trading vigorously with countries in need of second-hand Soviet weaponry. Meanwhile, Field Marsbal Abu Ghazala is to be found regularly in Washington demanding arms sales parity with Israel.

The precise role of the Egyptian armed forces in peace time is another of those unanswered qnestions which surround Mr Mnbarak's presidency and prompt accusations that he has unwittingly created a vacuum of ideology. He frankly admits that he does not have solutions to all Egypt's problems and sometimes frightens aides by repeating that be did not ask for the vice-presidency—thereby implying, of course, that be did not seek the presidency either.

Only when the real challenges emerge, either domestically or from abroad, will it be known just bow much Mr Mubarak wants to be President of Egypt. At that point consistency, continuity and caution e public sector and the Egyptia will have to be supplemented by characteristics which will decided whether Egypt is capable of prodncing three successive Presndent's of world stature.

BASIC STATISTICS

Area: 1.0m sq km
Population: 43.47m
GDP: (1982) E£22.2bn
Per capita: E£505
Inflation rate: 13.5 per cent (February 1983)

TRADE
Exports: (1982) E£2.18bn
Imports: (1982) E£6.3bn

BALANCE OF PAYMENTS
Trade: (1981) U.S.$3.9bn
Current account: (1981) U.S.$2.1bn
Tourism income: U.S.$1bn (1982 estimate)

Progress slow on structural reforms

Economy

ROGER MATTHEWS

FOR THE PAST six years the Egyptian economy has performed consistently better than expectations. Since the payments crisis of early 1977, the strong domestic growth rate, already apparent at that time, has been underpinned by a rising trend in foreign currency earnings.

Throughout this period, marked by President Sadat's diplomatic revolution and culminating in his assassination, the imperative of maintaining domestic social stability precluded, in the Government's mind, any attempt at longer-term structural reform. Two years after Mr Sadat's death the need still to tackle that issue remains the greatest qualification to optimism ebout the path of economic development.

The International Monetary Fund suggested last year that the challenge of structural reform could not be avoided for very much longer and predicted that the slowdown in foreign exchange earnings would make it impossible to maintain the average 8-9 per cent real growth rate achieved annually since 1975.

A combination of favourable trends in world commodity prices and a less steep fall than some had predicted in the price of oil, however, allowed Egypt just ebout to cover its current account deficit in 1982. At the same time, while the pace of growth flattened somewhat, it has not made totally implausible the average target growth of just over 8 per cent as set out in the 1982-83/1986-87 Five-Year Plan.

The four main foreign currency earners all performed creditably over the past 12 months, although not matching the pace of increase shown two years ago. Oil production, which accounts for over a fifth of GDP, reached close to an average of 700,000 barrels a day in 1982. The softening of international demand reduced earnings to about $2.4bn.

In the financial year beginning July 1, a further fall of about $200m has been predicted, although, with prices again beginning to edge up slightly, the loss to the balance of trade could be somewhat smaller. Of greater concern to the authorities is the still alarming upward trend in domestic consumption.

Low petrol price

In the absence of further significant discoveries, the extrapolation of present trends shows that domestic consumption will rise to the level of production early in the next decade, leaving Egypt without oil for export. Several other measures have been taken to modify this trend, but even after recent increases the price of Egyptian petrol on the local market remains absurdly low by world standards. Certainly without more emphatic action the percentage annual rate of increase in domestic consumption will remain in double figures.

To balance the expected shortfall in oil revenues, Egyptian officials are predicting a stronger growth in remittances sent by workers abroad. A relaxation in Egypt's needlessly complex foreign exchange regulations allowing for remittances to be converted at the more advantageous free market rate is reported to have led to a sharp increase in transfers.

Current estimates suggest that in a full year this may be worth as much as $600m, leading to predictions that remittances could be worth close to $3bn in the present financial year. Despite the immense difficulty of accurately charting these flows, officials say there is no evidence yet that they are being affected by the budget cutbacks in the main Gulf oil-producing countries where the majority of Egyptian expatriate workers are employed.

Canal earnings up

Suez Canal earnings are meanwhile edging slowly up towards the $1bn mark. They might just reach this figure by the end of the financial year despite the unfavourable trend in world trade and the very slow recovery in demand for oil.

Tourism appears to be on an earnings plateau et around $700m a year and remains highly vulnerable to political developments in neighbouring states. The only other foreign currency earner of note is cotton which has stabilised at between $300-$350m a year.

The impact of the slower rate of growth in Egypt's foreign currency earnings on the overall balance of payments was lessened by a parallel reduction in import growth. Whereas imports were being sucked in at an annual rate of increase of over 20 per cent in the three years before 1981, during last year they rose by only just over 8 per cent.

This was in part good fortune, doe to lower world comodity prices, but it also reflected President Mubarak's decision to impose restrictions on the import of luxury consumer goods. However, such measures do little more than dent the longer term trend imposed by Egypt's fast growing population and the country's difficulty in providing anything like a matching increase in agricultural production.

Accordingly, Egypt will remain heavily dependent on continuing strong flows of capital investment, loans and aid, to ensure a precarious balance in its overall payments situation. The current account deficit climbed by just over 12 per cent to $2.4bn in the last calendar year with reserves standing at about $700m.

The recent agreement with the U.S. for greater flexibility in the disbursal of economic assistance should speed up the flow of American aid being provided at the rate of about $1.1bn e year. Disbursments of U.S. aid since 1975 are currently running some $2.5bn behind commitments, although an important part of this sum is tied up in long-term projects.

There is therefore all too little room for manoeuvre if events outside Egypt'e immediate control provoke a deterioration in the balance of payments. Medium and long-term civil debt is estimated at about $17m with a debt-service ratio in the low 20s and probably climbing slowly.

By comparison with other developing countries this is a far from alarming position and Egypt has the capacity to borrow modestly on international markets. In the current mood prevailing internationally, the Egyptian Government is aware that it had little in the way of a safety net.

The Government's difficulties can also be witnessed in the persistent challenge it faces to kep the net budget deficit within manageable proportions. In the financial year which ended on June 30, the net deficit is estimated to have been close to 8 per cent of GNP or about $1.75bn. As this is met by financing from the banking system it acts as a powerful spur to inflation, now again increasing after falling to an estimated 10 per cent in 1981.

Because of the severe distortions caused by the extensive subsidies provided on basic commodities, inflation rates vary according to individuals' spending patterns. The lowest paid are rightly the most heavily protected against rising prices but such is the political sensitivity to reform of the subsidies system that abuses and inefficiency are allowed to pass almost unchecked.

Close to 14 per cent ($2.4bn) of the budget is specifically allotted to direct subsidies of basic comodities, while indirect subsidies inherent in present prices for petrol, oil products and electricity are estimated to be running at well over $2.5bn a year.

The Government says that it is tackling these problems and that in real terms the subsidy bill will decline. Certainly there have been small increases in some prices, and other rises have been effected by quietly reducing weights, lowering quantities or through commodity substitution.

Main thrust

In the investment budget, the main thrust is towards the completion of existing projects and the diversion of funds from schemes which have become bogged down. In the year which ended on June 30, the Government had allotted some E£4.3bn for the public sector and officials claim a high level of disbursals.

Some 23 per cent of the year's investment total of E£5.6bn was undertaken by the private sector where confidence again seems to be improving after the doubts created by the Government's restrictions on luxury imports and fears that President Mubarak might have been considering a more thorough revision of Egypt's "open door" policy.

However, the main objective of the Government is not to frighten the private sector, but rather to encourage it to become involved in longer-term productive investment.

The authorities are particularly keen to tap what they believe to be a pool of between $4bn and $6bn held privately in foreign currencies within the Egyptian banking system. Exchange rate relaxations are one step in this direction and officials argue that Law 159 passed a year ago, which offers local investors in industrial projects conditions not dissimilar to those available to foreign investors, has already produced a steady stream of applications.

While the International Monetary Fund welcomed the general thrust of economic policy during the past two years, it continues to claim that without more profound reforms Egypt will not be able to protect itself effectively against unfavourable shifts in the external sector.

Mr Mubarak's style has assisted in reversing the trend of steadily increasing expectations fostered by Mr Sadat and the leadership sets great store by the Five-Year Plan and in its detailed application.

However, so far as can be judged, Mr Mubarak is not sufficiently alarmed by what he has heard of the country's structural economic weaknesses to initiate the sort of radical reforms advocated by international agencies. The memory of the January 1977 food price riots still rates highly in Egyptian economic thinking.

TOTAL PRODUCTION FOR THE FIVE YEAR PLAN
(1982-83 AND 1986-87 COMPARED WITH 1981-82)

(Constant prices of 1981-82 and in E£m)

	Expected 1981-82	Planned 1982-83	Planned 1986-87	Annual growth rate % 1982-83 / 1981-82	Annual growth rate % 1986-87 / 1981-82	Structure % 1981-82	Structure % 1982-83	Structure % 1986-87
Agriculture	5,465.5	5,610.1	6,439.2	2.8	3.3	16.0	15.2	12.8
Industry and mining	9,494.0	10,285.9	14,949.3	8.3	9.5	27.7	27.8	29.8
Oil and oil products	3,753.7	4,489.2	6,612.8	19.6	12.0	11.0	12.1	13.2
Electricity	202.3	220.8	340.4	9.1	11.0	0.6	0.6	0.7
Construction	2,160.0	2,331.5	3,155.0	7.9	7.1	6.3	6.3	6.3
Total commodity sectors	21,075.5	22,937.5	31,496.8	8.8	8.4	61.6	62.0	62.8
Transport, storage and communication	1,462.8	1,553.0	2,170.2	6.2	8.2	4.2	4.2	4.3
Suez Canal	714.8	742.5	925.0	3.9	5.3	2.1	2.0	1.8
Commerce	4,167.0	4,431.0	5,750.0	6.3	6.7	12.2	12.0	11.5
Finance	1,128.0	1,180.0	1,560.0	4.8	6.7	3.3	3.2	3.1
Insurance	85.0	92.3	121.2	8.6	7.4	0.2	0.3	0.2
Hotels and restaurants	500.0	520.0	673.5	4.0	6.1	1.5	1.4	1.4
Total product services sectors	8,057.6	8,518.8	11,200.0	5.7	6.8	23.5	23.1	22.3
House property	396.3	440.8	596.4	11.2	8.5	1.2	1.2	1.2
Public utilities	66.0	73.0	122.0	10.6	13.1	0.2	0.2	0.2
Individual and social services	1,032.2	1,103.0	1,471.3	6.9	7.3	3.0	3.0	2.9
Social insurance	36.0	39.0	52.2	8.3	7.7	0.1	0.1	0.1
Government services	3,562.0	3,857.7	5,239.1	8.3	8.0	10.4	10.4	10.5
Total social services sectors	5,092.5	5,513.5	7,481.0	8.3	8.0	14.9	14.9	14.9
Grand total	34,225.6	36,969.8	50,177.8	8.0	8.0	100.0	100.0	100.0

Efficiency is the name of the game

Investment

CHARLES RICHARDS

"BEFORE, THE rate for deciding on investment applications was one every 10 days. Now it is one a day." This according to Dr Waguih Shindy, Minister of Investment and International Co-operation, is evidence of the shake-up in the investment authority since he took office last September. "Efficiency is the name of the game," he says.

Certainly Dr Shindy has made some sweeping changes. He has restructured the investment authority by reducing the work force from 1,600 bureaucrats to 1,300, whom he drives hard. Most important, he has tried to speed the bureaucratic procedures faced by prospective investors.

Within weeks of taking office, he had taken four measures to enact a new law, No 159 of 1981, intended to give Egyptian investors similar benefits to those enjoyed by joint ventures set up under Egypt's foreign investment law No 43 of 1974 with amendments contained in Law 32 of 1977.

Under the procedures set up under Law 159, applicants will have to wait a maximum of 60 days for a decision. If they have not received an answer within that period, they may consider their application successful.

A similar procedure has been adopted for Law 43 companies. A special committee has been formed of senior officials from the Ministry of Industry, Telecommunications Authority, Finance Ministry, Electricity Authority and other concerned agencies that meet once a week to discuss investment applications. It is hoped to take decisions on the spot and, on average, an application will be processed within four months.

The system was approved too recently to see whether it will work but one major investment project has now finally been agreed on and is going ahead. This is the $20m General Motors plant to produce a range of Isuzu light and medium trucks and buses.

The U.S. company has a 31 per cent stake and management control. Isuzu, in which GM has a 34 per cent share, has 20 per cent, Egyptian interests 33 per cent and Arab interests 16 per cent.

The inauguration follows seven long years of negotiations that illustrate the difficulties faced by both sides in making investment decisions.

General Motors had bureaucratic holdups and procedural delays on the Egyptian side. GM itself is in part to blame because of the slowness of its own decision-making process aggravated, after final approval was given in April 1981, by the uncertainty over the political situation after the assissination of President Sadat that October.

GM's vacillation cost it its prime site at Tenth of Ramadan, the most developed of the new cities being built in the desert around Cairo. GM's plant will be in October 6 City, at present little more than e flat desert wilderness. Water and roads are installed; a sewerage system and telephones are promised. Other potential investors will be interested to see how quickly the promised infrastructure will be put in place.

This battery-producing plant which opened last year at Giza near Cairo was a joint venture between Chloride of Britain and the Egyptian Government

President Mubarak has made frequent appeals to foreign businessmen to invest in Egypt. And he has told officials that all applications from public and private sectors and joint ventures should be treated on the same footing.

The investment authority is just one obstacle faced by potential investors. Many regard its title as e misnomer: "It has no authority," is the comment often heard. The authority is criticised for acting as a middleman, not an advocate able to take sides in inter-ministerial disputes.

Doubts have been expressed that when the 60-day limit lapses on decisions on a Law 159 company, the investor will indeed be eble to go ahead as promised. It is the nature of the Egyptian bureaucratic pachyderm that a paper without a seal will remain just that. Automatic approval of any project is unheard of.

The investment euthority has also been accused of not putting projects in order of priority.

Applicants often complain that rather than raise queries all together, the investment authority raises them one by one, increasing the bureaucratic delays. Officials in the Ministry of Industry counter that too often they receive epplication forms sent on by the investment euthority that have been incorrectly or incompletely filled in.

Speeding up bureaucratic procedures, if successful, may well ease the way for investors. But this will not of itself create the investment. Investors have other considerations.

Political stability is no longer a prime concern, although political risk analysts from the main banks pay frequent visits to Cairo.

More important are the customs, availability of foreign exchange for the import of raw materials and capital goods, and the policy of the Ministry of Industry that vets applications.

Stories are legion of the customs authority, seen as close to a state within the state and ignoring written instructions from the investment euthority to allow in goods duty-free under Law 43. Law 43 companies are permitted to import capital equipment and raw materials. The customs authority has been reported in a number of cases to have instructed businessmen to buy locally, even when the local product is an insufficient supply or of poor quality.

The Ministry of Industry is often depicted as manned exclusively by neo-Nasserists opposed to all joint ventures with the public sector and foreign investment altogether.

Officials there say they recognise that an investor is putting money into Egypt to make more, but they expect some transfer of technology in return for help in Egypt's social development.

Some businessmen report that the whole atmosphere created by the trial for corruption of Esmat el Sadat, brother of the late President, has slowed investment in Egypt. Ministers and senior officials strenuously deny that the anti-corruption campaign has affected honest business.

But in practice the uncertainty has created a reluctance to take decisions in certain areas, and some investors have been unwilling to take up their options on projects approved.

Waiting for the Arabs

Foreign Policy

ROGER MATTHEWS

WHEN THE Egyptian Government refused an American request last May for the U.S. Corps of Engineers to be involved in the construction of a new military base on the Red Sea coast at Ras Banas, it sparked off a lively debate in Cairo about whether this marked the emergence of a new trend in Egyptian foreign policy. Because the base would be available for use by the U.S. Rapid Deployment Force, the refusal suggested that President Mubarak had drawn a line beyond which he would not co-operate with Washington.

Rather than any shift in policy, however, the decision emphasised the one clear characteristic of President Mubarak's approach to international affairs—Egyptian nationalism. The presence of foreign troops on Egyptian soil will be tolerated for a brief period if for a specified purpose, such as joint manoeuvres with elements of the Rapid Deployment Force. What will not be accepted is foreign forces building facilities in Egypt for their own use, however hedged around the actual terminology of any such proposal.

General Kamal Hassan Ali, the Foreign Minister, argues that the refusal of the American request was entirely consistent with the policies enunciated by the late President Anwar Sadat, and there was surprise among senior Egyptian officials that Washington should have even considered asking for such an arrangement.

Tha reason the refusal caused such interest, however, was that Egypt's friends and foes alike are anxiously searching for clues to Mr Mubarak's international outlook. In his first months in office while seeking to establish his domestic power base after the assassination of President Sadat, it was not surprising that Mr Mubarak should have stayed firmly within the general lines established by his predecessor.

After nearly two years in office it is becoming increasingly clear that in the absence of major domestic or international upheavals, the Egyptian leader will alter course only very gradually and is temperamentally opposed to the dramatic initiatives so beloved by Mr Sadat.

The two elements of Egyptian policy—close links with the United States and the peace treaty with Israel—have both survived challenging tests in the past 18 months. There can be no doubting Egypt's disgust at the Israeli invasion of Lebanon in the summer of 1982 as witnessed by the speed with which parts of the Cairo Press were allowed to revert to the invective of earlier years.

Officials strenuously reject any suggestions that Israel could only have risked the Lebanon invasion because of the neutralisation of Egypt. But it is more difficult to hide the bitterness that the Camp David accords, which should have opened tha way to a diplomatic solution of the Palestinian issue, should have in fact given way to an attempted military solution. The role of Mr Alexander Haig, then U.S. Secretary of State, also cast fresh doubts on White House intentions in the Middle East.

No conditions

Mr Mubarak's decision to recall Mr Sa'ad Murtada, the Egyptian ambassador to Tel Aviv, in protest at the Israeli action, was judged the least Cairo could do to vent its disapproval without risking the peace treaty. It now appears unlikely that an Egyptian ambassador will return to Israel for some time, emphasising the Foreign Ministry view that the peace treaty will continue to lack substance as long as Israel persists in its attitude towards a comprehensive Middle East peace.

Dr Boutros Boutros-Ghali, Egypt's Minister of State for Foreign Affairs, said recently that there were no conditions attached to the return of an ambassador to Israel. An ambassador would be sent when it was considered that the "political atmosphere prevailing in Israel was in line with the spirit of peace. . . ."

The minister stressed that any decision would not rest on a particular Israeli action—such as withdrawal from Lebanon—but rather on the prevailing attitude of the Government in Jerusalem. Egypt would, for example, be greatly impressed by an Israeli decision to stop building new settlements on the West Bank and Gaza.

There is little indication that Cairo expects any such radical shifts of policy. The Government appears to accept that Israel is determined on the absorption of the West Bank and that the policy will be followed no less vigorously by the new Likud Government headed by Mr Yitzak Shamir. Instead, President Mubarak will concentrate his efforts on trying to ensure that the U.S. does not totally abandon the Reagan proposals for peace in the Middle East.

Egypt accepted the Reagan plan as an imperfect but still valuable contribution to the search for peace, embracing as it did the concept that Israel should trade land for full acceptance by its neighbours. The growing fear in Cairo is that by the time President Reagan is re-elected or a new Administration takes office, that concept will have been effectively buried under the weight of new Jewish settlements in the occupied territories.

Yet despite the weight of disappointment in Cairo at the failure of the Reagan plan—and some of Mr Mubarak's aides are using far stronger adjectives to describe the U.S. performance—there is no evidence that Egypt is considering any major change in the balance of its relationships with the superpowers. It still hopes that a U.S. Administration will one day be prepared to use its political weight more effectively with Israel and believes that the Soviet Union is an obstruction to the search for peace. However, Egyptian nationalism sits comfortably alongside the desire to play a more prominent rola in the Non-Aligned Movement. To this end Egypt will await the right moment to send its ambassador back to Moscow and for the Soviet envoy to return to Cairo. This ambassadorial exchange can be predicted with far greater confidence than the one with Israel.

The philosophy behind Egypt's approach to a rapprochement with the Arab nations is interestingly expressed by Dr Boutros-Ghali. He argues that Egypt's earlier leadership of the Arab world had been based on its opposition to the expansion of Israel. Its leadership today was based on its ability to lead the Arab world to peace with Israel. Until that was achieved Egypt would not have any right to claim leadership.

This has not prevented, however, a steady improvement in Egypt's relations with several of those countries which joined the boycott of Cairo after the peace treaty with Israel. Iraq, the prime mover of that boycott, has been the most prominent of those seeking an improvement.

Egypt has made substantial arms sales to Iraq to assist in the war with Iran, has a military and trade mission in the Iraqi capital, and has welcomed several ministers to Cairo, including Mr Tariq Aziz, the deputy Premier and Foreign Minister.

Senior Egyptian officials and especially Dr Osama al Baz, the head of Mr Mubarak's political office, are welcome in Saudi Arabia and the Gulf, Jordan, Beirut, Morocco, and are rumoured even to have been in Syria. With the Egypt leader determined not to press for more formal acceptance, it is likely that this slow trend will continue without the need for any more public demonstration of reconciliation.

The adoption of such a relatively passive policy is not without its frustrations for parts of Egyptian society and runs into sharp criticism from those who claim that the Government cannot escape the consequences of what they believe will be an increasing radicalisation of the Arab world. Government critics also claim that without a formal role within the Arab League, Egypt's capacity to play a significant role in Africa or among the non-aligned nations is seriously reduced.

They argue that if Egypt cannot speak with the weight of Arab opinion behind it, Cairo will be diminished not just in the eyes of the developing world but also in Europe and the United States.

It is not an argument which appears to carry much weight with Mr Mubarak or his ministers. The ever present belief in Egypt's regional pre-eminence comes across with aven greater clarity than it did five years ago with "Mother Egypt" being contrasted with the troublesome local children tugging at the hem of her skirt.

Dismissed

The Gulf Co-operation Council, of which Saudi Arabia and Arabia and its five allies are so proud, was dismissed by a member of the Government as an irrelevance, its combined population being not much more than Shoubra, a district of Cairo.

However, when Egypt last ran into severe economic problems during the first half of 1977 it was precisely those countries which came to the rescue with a loan of $2bn which the Egyptian Government has little intention of repaying. The ability of the Egyptian economy to survive the impact of the world recession and an ineffective Arab boycott has not been accompanied by structural reforms and the risk of another crisis later in the decade remains.

The longer term economic prospects for Egypt would be greatly improved if it could move back towards the ideal of marrying Gulf capital with Egyptian labour which promised so much in aborted organisations such as the Arab Organisation for Industrialisation.

Policy of strategic depth

Relations with Sudan

CHARLES RICHARDS

THE RECENT WAVE of unrest in the southern province of the Sudan has served only to underscore the precariousness and unpopularity of President Nimeiri's regime, though no obvious rival is in sight to challenge him at the start of his third six-year term of office.

The fall of Sudan, or the toppling of Nimieiri to be replaced by a pro-Libya government, would complete the encirclement of Egypt by hostile, Soviet proxy states from Ethiopia to Libya. Despite recent signs of a slight improvement in relations with Libya—permitting Libyan airliners to overfly Egyptian airspace, the reopening of Libyan Airline offices in Cairo — President Mubarak remains wary of Colonel Gaddafi, regarding him as a volatile and unreliable neighbour. Well he might. Egypt has condemned the Libyan leader's adventure in Chad and pledged its support for the Government of Hissène Habré.

Colonel Gaddafi poured out his venom against Egypt's peace with Israel and its joint manoeuvres with American forces in August and September in a speech marking Libyan revolution day:

"Egypt, even after the death of Sadat, is still practising prostitution, and national adultery against the Arab nation. Brothers, we say this today for the Egyptian army on the Libyan borders to listen, and for the Egyptian people to listen; Egypt has committed the greatest sin. Egypt has betrayed the Arab nation.... We say to the Egyptian people, if they do not want Egypt to be thus meanly described . . . they have to save Egypt from the regime of Hosni Mubarek, from the gang of Hosni Mubarak. . . . Egypt must revolt."

For Egypt the Sudan represents strategic depth; a threat to the stability of the Sudan is perceived as a threat to Egypt itself. President Mubarak has said he would not hesitate to invoke the two countries' 1976 mutual defence pact to help Sudan fight off an invader. But Egyptian troops have not been, and would not be, used to help put down any purely internal disturbances.

The danger lies in the role Egyptian forces would play if the invader had the support of sections of the Sudanese population.

President Mubarak's last visit to Khartoum to cement ties with the Sudan under their charter of integration have coincided ironically with incidents that illustrate the fragility and potential dangers of the relationship.

In February, Mr Mubarak was in Khartoum for the first meeting of the Higher Council for Integration. President Nimeiri was full of a Libyan-inspired plot to overthrow his regime, foiled by the Sudanese security services. Mr Mubarak himself acknowledged that Egyptian Phantom jets had intercepted Libyan aircraft that had violated Egyptian airspace in the south-west corner of the country.

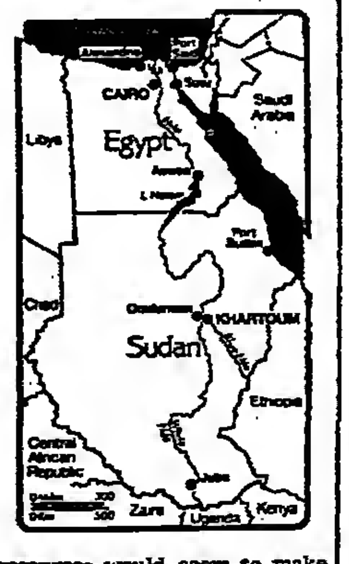
The May inauguration of the Nile Valley parliament followed days after the Khartoum Government had finally acted to put down a mutiny of southern troops at the garrison town of Bor. The mutineers had refused to obey newly-issued orders to rotate to serve in the north. Seventy were killed in the operation.

Benefits

Egyptian forces could then become embroiled in a messy war, something officials hope the mutual defence pact will deter.

Under the charter of integration the two countries are pledged to work towards common defence and foreign policies within ten years. They already work closely on foreign policy, the Sudan being one of three Arab countries that still maintain formal ties with Egypt despite its peace treaty with Israel.

Both sides are hoping for substantial economic benefits from the charter of integration. Like the similar experiment discussed in the Maghreb, the principle is one of complementarity—that is, planning to avoid a duplication of industries in each country. They are already co-operating on the ambitious Jonglei canal project, nearing completion.



A pooling of common resources would seem to make sense. Sudan has land and water: 120m to 200m acres of virgin, rain-fed land. Egypt has the labour and skill to exploit it and visionaries have long summoned up images of the Sudan becoming the bread basket of the Arab world.

Officials say the principles of complementarity are not based on the transfer of primary resources, but more on widening trade and expanding production through the removal of customs tariffs.

Earlier projects set up in the 1970s have not been successful. A pilot agricultural project at Demazin, with $10m capital, failed because it was misconceived, mismanaged and the technical advice was unsound.

The human resources were inadequately trained, there was no infrsatructure, no workshops and poor housing for the labourers. Also, the machinery was not suitable for the crops—corn, sesame and soya bean—being grown.

The integration fund, set up by the two governments with a nominal capital of SDR 500m will fund projects on an economic basis.

Both countries being poor seek funding from multilateral aid institutions such as the World Bank and the EEC as well as friendly countries and private individuals.

The World Bank, with existing aid schemes in both Egypt and the Sudan, is unlikely to wish to contribute to separate integration projects. Bilateral aid donors might be more willing for political reasons.

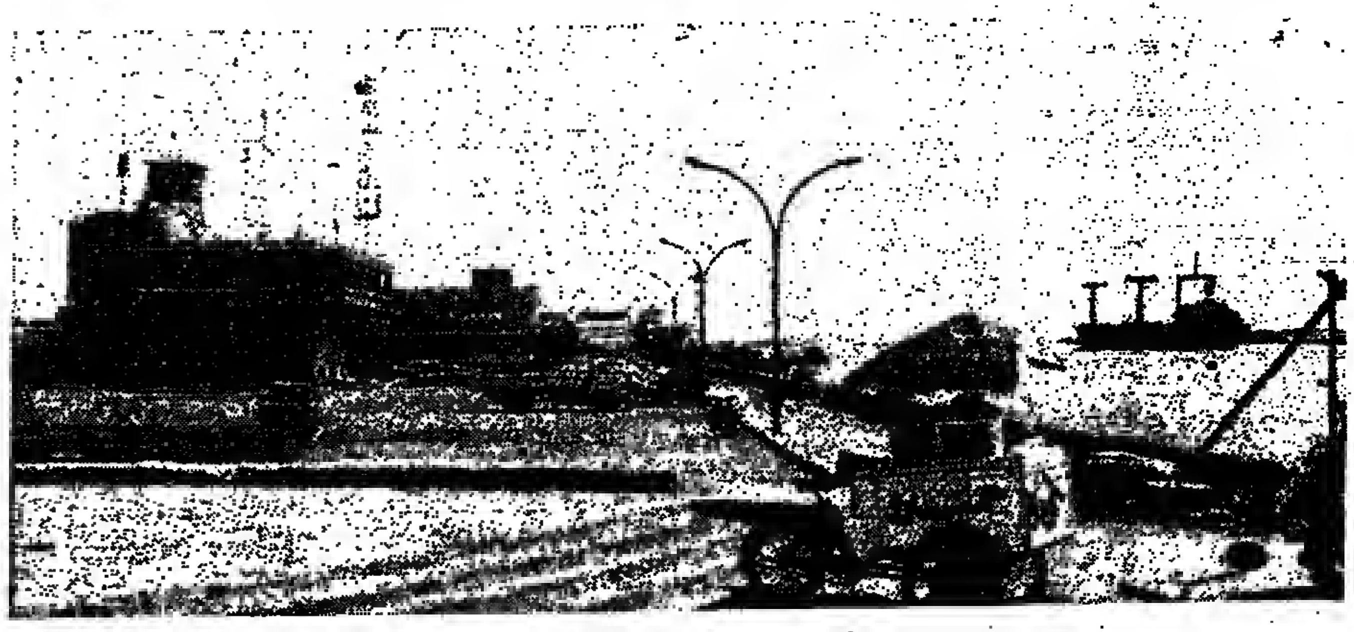
Initially the fund would like to see a thorough reworking of feasibility studies on the rehabilitation of existing projects, with the technical assistance of foreign experts to make them more bankable.

Many obstacles remain. There are poor communications, worsened by the disastrous ferry boat fire in May which destroyed one of only two boats that provide a cheap alternative to flying.

Poised for next development phase

Suez Canal

DAVID LENNON



Control tower for the Canal at Suez

THE ELUSIVE target of $1bn annual revenue from the Suez Canal will creep tantalisingly close this year. Last year income reached $925m, and in the first third of 1983 daily income from dues was up 5.5 per cent.

As e key foreign currency earner the Suez Canal is of major importance for Egypt, but setting transit fees is a delicate task which requires careful calculations if they are not to scare off the big ships.

Though it is unique, the Suez Canal is not without rival routes. With so much of the world's merchant fleet in surplus, it often can be more economical for big oil tankers to steam slowly back to the Middle East oil fields via the Cape ronte, thus avoiding Canal fees.

Dr Mashhour Ahmad Mashhour, the long-serving chairman of the Suez Canal Authority, also admits that the SUMED pipeline developed as a Canal bypass when the Canal was closed after the 1967 war, is another rival to his project. Additional competition comes from the trans-Siberie oil pipeline.

Larger ships

It was to counter these challenges and to enable the passage of ever larger ships that a two-phase plan to enlarge the Canal was drawn up. Phase one, completed in 1980, makes it possible for the Canal to take laden ships up to 150,000 tonnes instead of the previous 60,000 tonnes and ships in ballast of up to nearly 400,000 tonnes.

But the present state of the world shipping market and the oil glut has forced an indefinite postponement of phase two. This would enable the Canal to take laden vessels of up to 270,000 tonnes and ships in ballast of any existing size.

A very close watch is being kept on developments in shipping and oil to try to gauge the time when it would be justified to begin phase two, which will take three to four years to complete at a cost of $750m in current dollar terms.

Dr Mashhour estimates that by 1989-90 there will be a balance in supply and demand in shipping, and that with the world tanker fleets more fully mobilised then the Canal would enjoy increased traffic. But given the ups and downs of the business, it will take considerable finesse to judge the right moment to begin this additional major investment.

The first canal was dug between the Mediterranean and the Red Sea in 2,100 BC by Pharaoh Senausert III. He, and even Ferdinand de Lesseps, the builder of the modern Canal, would have difficulty believing the massive development which has taken place.

The 173 km long lifeline between Asia and Europe now has 12 times more capacity than when it opened in 1869 to the strains of Verdi's Aide written specially for the occasion. Eight successive improvement schemes have increased the Canal's cross section from the original 304 square metres to its present 3,600 square metres. Phase two of the modern plan, if implemented, would increase the cross section to a massive 5,200 square metres.

This year the daily average net tonnage has passed the 1m mark to reach 1.02m, e 2.4 per cent increase over 1981. The daily average dues collected is up 5.5 per cent to $2.7m.

The toll fees are studied each year and adjusted accordingly to e range of criteria. The fees were put up e median of two to 2.5 per cent this year, but in fect small ships paid 5 per cent more, while for ships above 150,000 tonnes the rate actually was reduced by as much as 1.2 per cent.

The aim of the sliding scale, according to Dr Farouk Abou Taleb of the SCA Economic Unit, is to try to attract more big tankers to use the Canal. At present 35 per cent of tonnage and 30 per cent of income comes from oil tankers, with 65 per cent of tonnage and 70 per cent of earnings coming from the cargo ships. Before the closure in 1967 the percentages were reversed.

Dr Ahmad Amar, Director of the Planning and Research Department, has a 110-metre long working model of the Canal in which his engineers are conducting tests to see whether limited two-way traffic could be permitted on the traditionally one-way-only Canal.

The tank tests have shown that two ships of up to 10,000 tonnes could squeeze past each other without damaging the banks or their own hulls. This means that partiel two-way traffic could be introduced in the next phase of development.

Radar system

Perhaps the most impressive new development et SCA headquarters in Ismalia is the computerised radar system for vessel traffic management. Here, on huge cousoles, every movement of a ship is constantly in view through the entire length of the canal, eod for 20 miles out to sea et either end.

This has not only halved the already slim chances of an accident but potentially could enable the Canal Authority to pack more ships into a convoy it needed because the constant monitoring of speed and distance would enable ships to sail closer to each other.

At present this is not necessary because, as Dr Mashhour explains, the Canal has excess capacity as a result of the phase one expansion. The Canal could handle up to 72 ships per day, while this year the number using it has reached only ebout 63 a day. This is also one of the reasons for holding off on building additional by-passes to bring the day of two-way traffic closer.

The Suez Canal is the third-largest source of foreign currency earnings for Egypt, but unlike oil and worker remittances, it appears to be less subject to the variations which heve afflicted the big two. Income has risen steadily each year.

Western economic recession and the troubles of the oil world have restrained the rate of income growth below that forecast by somewhat over-optimistic planners. But the net tonnage passing through, which was up by 50 per cent between 1978 and 1982, continues to increase end, even more important, the canal has almost doubled its income over the same period.

With its 15,000 employees, oll of whom are Egyptian, the Suez Canal Authority and the waterway in its charge is a model of what can be done in Egypt when the will is sufficiently strong.

Better omens for vital oil revenues

Energy

DAVID LENNON

A MODEST 25-50 cents a barrel increase in the price of Egyptian crude oil in May brought new hope that the downward trend in prices had halted, and that the forecast slide in national oil revenues could be reversed within a couple of years.

As one of the largest producers of external earnings, oil is vital for Egypt's economic survival and the country needs every cent it can get. But the fall in world prices, plus ever-growing domestic demand, has meant that the record exports of $2.7bn in 1981-82 will not be reached this year or next.

Dr Ahmad Hilal, the Minister of Petroleum, admits ruefully that earnings in the fiscal year 1982-83 will be $245m down on the previous year's figure. This year, which began on July 1, the drop is expected to be about $500m down from the 1981-82 figure.

One bright spot is the continued interest of international companies in searching for oil. The Gulf of Suez remains the main reservoir of Egyptian oil, containing about 90 per cent of reserves. Exploration in the Western Desert and the Nile Delta has yet to produce any dramatic finds.

Reserves growing

None the less, reserves are growing as new discoveries of modest size are made each year. Dr Hilal says that annual additions to reserves are greater than production. On average 6 per cent of reserves is produced from Egyptian oil fields. Up to last year, he says, annual additions to reserves have averaged 11 to 12 per cent of total reserves.

Oil production rose from 8.5m tonnes ten years ago to a projected 36m in the fiscal year ended June 1983, according to Dr Hussein Abdallah, Senior Under-Secretary at the Ministry of Petroleum. The official target is 50m tonnes, or 1bn barrels a day by mid-1985, though some foreign experts doubt that this is attainable.

Egypt is also paying increasing attention to natural gas as a source of energy. It first came on stream in 1975 with a production level of 33,000 tonnes which today has increased tenfold with a target of 5m tonnes set for 1985.

In addition to the utilisation of natural gas produced in Abu Madi, Abu Qir and Abul-Gharadik gas fields, a gas project is under construction to recover all of Gulf of Suez associated gas and to transmit it to the Suez and Cairo industrial and domestic consumers. A special law was passed last year providing incentives to foreign oil companies to explore for natural gas as well as oil.

The past decade has also seen e major intensification of the search for oil. Since 1973 113 exploration agreements have been signed with nearly 50 international oil companies, according to Mr Ibrahim A. F. Radwan, general manager of petroleum agreements et the Egyptian General Petroleum Corporation. One of the most recent was with Esso which has committed itself to spending $44m exploring a 31,700 sq km area in the Eastern Desert.

More bidders

Awards were to be made this month for bids on five tenders for Suez Gulf marine exploration. Mr Radwan says that despite the current problems of the oil industry, there have been more bidders and at higher prices than for any previous tender.

One of the latest fields to come on stream is Ras Budran which is operated by Deminex of West Germany on behalf of the Suez Oil Company (Suco), from which initial production of 25,000-30,000 b/d is expected to rise to 40,000 b/d at a later date.

But the new finds and the steady increase in production levels have not led to any marked increase in exports, which run at about 7m to 8m tonnes of crude oil annually. Israel remains the largest single customer, with three Israeli oil companies purchasing from 2m tonnes a year. The other exports are made in smaller quantities to some 25 international and national companies, according to Dr Abdallah.

Not being a member of Opec, Egypt is able to set its own prices, which it does monthly in response to the market movements. After four consecutive cuts between November and April the trend was reversed from May 1 when modest increases were introduced. The price of 33 API Suez blend was raised 25 cents to $27.50 a barrel, that of the 26 API Belayim crude by 50 cents to $25.75 per barrel. Egyptian officials now hope that the market is stabilising.

Export growth has been hampered by domestic demand which has been growing 13 per cent annually and takes 30 per cent of production. According to Mr Maher Abaza, Minister of Electricity and Energy, industry consumes about 65 per cent of local energy, homes 25 per cent and agriculture 5 per cent with the remaining 5 per cent spread among other users.

The high level of consumption in Egypt is a result of government subsidy policies which keep the prices for fuels way below market prices. The subsidy costs the government $2.7bn annually, which is the difference between the value of the products on the basis of local prices ($900m) and their prospective export prices of $3.6bn.

Because of government fears of public unrest, there is no likelihood of any serious cuts in the fuel subsidies in the near future. The low prices, about 80 per cent of the real value of the fuel, means that there is little incentive for either factories or the domestic user to conserve energy. The price of installing energy-saving devices in factories would not in most cases justify the saving achieved as long as the fuel remains cheap.

To prevent home consumption from eating up more and more of domestic oil production, the Government has announced an ambitious plan for moving away from oil for generating electricity. Today it is generated 60 per cent by thermal power, and 40 per cent by hydro power.

Nuclear eight

The country has plans to build eight nuclear power stations by the year 2000 when total projected demand for primary commercial energy is tentatively estimated at near 65m tons of oil equivalent. This would be nearly 3½ times current consumption and is based on an annual average consumption growth of 7.5 per cent, which may be a somewhat optimistic figure, given the current 13 per cent growth.

The hope is that by the year 2000 some 38 per cent of electricity will be produced in eight nuclear plants with a total capacity of nearly 8,000 Mw. But the drop in oil revenues has meant that the hoped for funding from e special fund of monies set aside will not be as large as planned.

Even so, the Minister of Electricity and Energy says be is determined to press ahead with the plans for the first four stations et Al Daba, 160kms west of Alexandria on the Meditereennean coast. Bids have been invited from companies in France, the U.S. end West Germany for two 1,000 MW plants and these are being studied along with the bids from a French consortium for two 950 MW plants. Given the oil revenue problems that Egypt faces, the financing terms of these deals will be crucial.

EGYPT V

Higher spending aims to keep armed forces happy

Defence

CHARLES RICHARDS

WHEN THE Finance Minister announced a 25 per cent increase in current expenditure in the 1983-84 draft budget for defence, he qualified his request by pointing to the positive contributions Egypt's peacetime armed forces are making to the country's development.

The Corps of Engineers and Signals build bridges, bakeries and drug factories, lay telephone cables and grow food. They also train civilians in construction skills.

The budget increase from £E1,742m to £E2,133m is largely an accounting exercise. It pays the 320,000 men in the Army, 27,000 in the Air Force, 80,000 in Air Defence and 20,0000 in the Navy. It does not go towards weapons procurement or repayment of military debt.

The armed forces are reluctant to be seen as parasites feeding off the people's goodwill. Hence the involvement in civil works. Laying telephone cables also earns contractor's fees for the Defence Ministry and teaches engineers skills. And the civilian labour force is often lacking the available manpower.

Criticism avoided

There is a danger, however, that as the Army makes mistakes, as is inevitable, it will become the focus of criticism it has successfully avoided by remaining apart from civil life.

At the same time the Government's legitimacy lies in its succession to the free officers who overthrew the monarchy in 1952. All Egypt's presidents—Neguib, Abdel Nasser, Sadat and now Mubarak—have been military men. The military establishment has said it wants no part in politics, but the Government is aware it governs only with the backing of the armed forces.

To keep the armed forces happy, its commanders are receiving a whole range of sophisticated weaponry, and its personnel obtain special privileges to maintain a reasonable standard of living.

Egypt's programme to replace ageing Soviet and Eastern bloc weaponry is concentrated mainly on air defence, with the purchase of low and medium-range surface-to-air missile systems and interceptors, and for the Army main battle tanks, armoured personnel carriers, and heavy artillery.

Main suppliers are the United States, with a foreign military sales (FMS) aid programme that has risen to $1,325m for 1983 including $425m in forgiven credits (grant), a total of $4.275bn since 1979.

Since 1979, Egypt has received 35 Phantom F-4 E fighter bombers, over 20 of an order of 40 F-16 fighters, 310 M-60 A 3 battle tanks—659 ordered—and M113 armoured personnel carriers and improved Hawk missile systems.

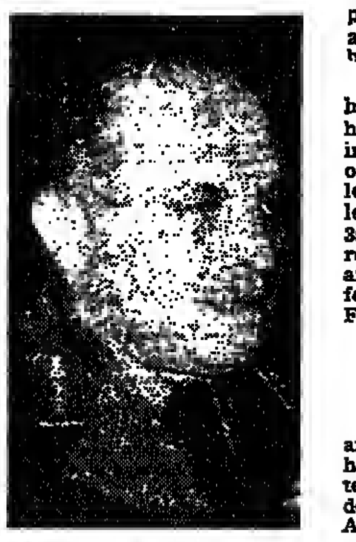
It has also signed a letter of agreement for two E-2-C Hawkeye early warning and command control aircraft. The sophistication of these new weapons systems, and the difficulty in maintaining them, is already testing Egypt's maintenance crews used to simple weapons.

To evoid the arms embargo the Soviets placed on Egypt when it was sole supplier, Egypt is pursuing an active policy of diversifying the sources of its arms supplies.

France is the main supplier of aircraft and air defence missiles. The first Alphajet trainers with dual ground attack role have been delivered. The first to have been partially assembled in Egypt first flew in November. Egypt is also to buy 20 Mirage 2000s in a $1bn deal, and has Crotale surface-to-air missiles and Gazelle helicopters.

Canada has sold Buffalo short-haul transports to complement Hercules C-130s bought from the U.S. and Britain has sold Westland helicopters, fast patrol boats, and missiles. Spain has sold Pegaso trucks to the Army, but another deal to sell ships from the Bazan yards is reported to have fallen through when the financing, arranged by a Saudi friend of King Juan Carlos, was vetoed by the Saudi Cabinet because of Egypt's peace with Israel.

China has supplied F6 and, reportedly, F-7 fighters. These are outdated Chinese versions of the MiG 17 and MiG 19



Field Marshal Abdel Kalim Abu Ghazala, Defence Minister and Commander-in-Chief

respectively, and Egypt's acquisition is thought to be either because they were very cheap or for possible resale.

North Korea, China, and Yugoslavia have all supplied spares for Soviet bloc weaponry.

The cost of re-arming is enormous. Nearly $5bn has been allocated under FMS. Although these credits have a 10-year grace period and are repayable over 30 years, interest rates are high—around 10 or 11 per cent.

Purchase delayed

Egypt's reluctance to borrow money commercially for arms purchases is believed to have held up the purchase of Oerlikon Skyguard low-level air defence system for two years.

The desire to shop around to get the best possible deal is one reason for Egypt to conclude a deal to buy 200 tanks from Romania, with a much lower unit cost than the U.S.-made M-60s.

The Romanian tanks—designated the TR-77, an upgraded version of the Soviet built T-55—is not as sophisticated as the M-60-A3. But it was cheap, available, and Egyptian tank crews are familiar with it. According to Egyptian military sources it provides the tank technology appropriate to Egypt's needs.

More significant are the political implications, since this is the first deal that Egypt has concluded with a Warsaw pact country since breaking with the Soviets in the seventies and allying itself more closely with Washington. It seems to be a signal that Egypt is keen to pursue, or be seen to be pursuing a more balanced non aligned foreign policy, steering between East and West.

The policy of diversification has its drawbacks, and Egypt has tended to place each egg in a different basket. The lack of standardisation is proving a logistical nightmare. This has led to Egypt wishing to sell its 35 Phantoms to Turkey, both to reduce the number of different aircraft it is flying and to pay for additiinal purchases of F-16s.

Inside airspace

The price and financing arrangements are believed to have held up the sale. Fourteen Phantoms were flown down from Cairo west to Aswan in February to coordinate with the Awac's early warning aircraft President Reagan despatched to watch the Libyan troops build-up near the Sudanese border. Two Phantoms intercepted Libyan aircraft inside Egyptian airspace. The action is believed to have led the Egyptian Air Force to reassess their value — and to raise their price with Turkey.

Army officers, who have seen their status and standard of living rapidly eroded since their peak as heroes of the October 1973 war, receive special privileges. Flats are being built for officers. Mazda cars are sold to serving and retired officers for £E5,000 against £E7,000 for civilians.

The army is also pampered in other ways, with access to

Material benefits alone can-special shops and clubs.

not satisfy the armed forces which, like any other section of Egyptian society, have their share of Islamic militants and Nasserists.

Some would undoubtedly like Egyptian armed forces to play a larger regional role, although many are wary of repeating Nasser's disastrous adventure in the Yemen in the 1960s.

Egypt maintains close strategic ties with the U.S. Despite its reaffirmation of non-alignment joint military exercises with the U.S., code-named Brightstar, were held in August and September. Earlier training paid off with the incident in February with Libya.

But Egypt, sensitive to the prospect of foreign occupation, decided to turn down an American offer to develop the Red Sea base at Ras Banas and do the work themselves. The offer to the U.S. stands to use facilities at the base as a staging post for the central command, formerly the rapid deployment force to go to the aid of Arab or Muslim Islamic countries that ask for it.

Second biggest export earner with $1bn income

Arms Sales

CHARLES RICHARDS

EGYPT MADE $1bn last year from the sale of arms and military equipment abroad, according to the Defence Minister. This made arms Egypt's second biggest export, topped only by oil but its importance as a source of finance for new weapons procurement is likely to be short-lived. Most was from cash sales to Iraq to replace material lost in its war with Iran.

Iraq bought ammunition and spare parts, much of it Egyptian made, for its Soviet-made weaponry, as well as Soviet-built T-54 tanks from Egypt's strategic reserve. Increasingly Iraq is said to be buying from the Soviets direct.

Egypt also exports to Sudan, Somalia, North Yemen and countries in Africa. Plans to establish a regional arms manufacturing industry to serve the Arab world received a setback when the Arab shareholders—Qatar, the United Arab Emirates and Saudi Arabia—pulled out of the Arab Organisation for Industrialisation after Egypt made peace with Israel.

Certain factories continue to operate. Arab British Dynamics, in which British Aerospace has a 30 per cent stake, makes Swingfire missiles mounted on jeeps assembled at the Arab American Vehicles (AAV) plant down the road. Some are said to have been sold to Sudan and Iraq.

Arab British Dynamics feel they will be well placed to build other missile systems when Swingfire production ends in a couple of years. The Egyptians also say they have managed to manufacture, presumably through reverse engineering, the Soviet designed Sam-7 portable anti-aircraft missile.

Egyptian infantrymen used this to devastate the Israeli Air Force in the 1973 war. If Egypt manages to produce it in sufficient quantities it could find valuable export markets.

Most ambitious and fanciful plans are for the manufacture of a jet fighter in Egypt. Contenders are the McDonnell Douglas F-16, the Mirage 2000 and the Northrop F-20 Tigershark. Egypt will have to balance the plane it requires for its own air force against the best offset production arrangements it can secure.

Technology transfer

In the $1bn deal to buy 20 Mirage 2000 combat superiority aircraft is an agreement for six million man hours in Egypt. Alphajet is assembled in Egypt, some parts are produced too. Egypt is looking increasingly for technology transfer and offset production as part of an arms purchase deal.

The Defence Minister has also said that Egypt will be ready to export its own locally-made tank by 1985. At present Egypt makes an armoured vehicle, the Waleed, used by para-military police, it also has the technology to produce tank radios, armour, engines and the gun. The main shortcoming appears to be the turret, but Egypt has signed a cooperation agreement with Romania to produce tanks and spare parts. A deal with Yugoslavia to co-produce spare parts for Eastern bloc equipment is also reported.

The Central Bank of Egypt

Role shifts to lending for projects

Banking

CHARLES RICHARDS

BANKS IN EGYPT are gradually shifting their activities from trade financing to project lending—thanks to the implementation of Government policies according to the Minister of the Economy, as part of an organic process according to some bankers.

The Minister, Dr Mustapha al Saeed, points to a number of measures that he feels have brought changes in the structure of economic activity.

He has given the Central Bank of Egypt greater power to control banking activities in Egypt. He has imposed a ceiling of 1 per cent growth in commercial activity per month, in an effort to reduce spiralling consumption patterns and channel funds from trade financing into development.

Differential interest rates apply for different types of economic activity, a minimum of 16 per cent for commercial activities and a maximum of 13 per cent for agriculture.

To try to curb the growth in the money supply, which had been running at 44 per cent, the CBE has introduced a 65 per cent ceiling on the proportion of the deposit base that may be lent out—in effect instituting a reserve base of 35 per cent.

Dr al Saeed, pointing a finger at the "social alliance of merchants and bankers," asserts that the commercial sector now gets only £E3bn in credit facilities compared to £E5bn before

Some bankers maintain that many of the changes in the structure of their financing operations result from the maturing of the Egyptian economy.

Open door

Since the inauguration of the open door policy in 1974, about 70 new banks have set up in Egypt. When they first started they could engage only in trade financing since there were no viable projects to lend to. Because it takes several years to set up those projects, they continued trade financing for some time. At the same time, many banks deposited dollars on the Eurodollar market where higher interests could be obtained.

Trade has stimulated demand which is being increasingly met by local production. An indication of the increase in project financing can be seen from the most recent published balance sheets of the principal banks.

The shift towards greater investment financing has led Cairo Barclays International to change its status from a 50-50 Egyptian foreign investment bank to a 51 per cent Egyptian, 49 per cent Barclays joint venture able to deal in both Egyptian and hard currencies.

Citibank, hoping to follow the lead of American Express and Bank of America, is still waiting for approval to have joint venture status as well as a branch office. The Egyptian authorities now seem to suggest that Citibank can have either one or the other.

This places Citibank in a quandary. Branch offices can call on extensive resources outside the country to reconfirm letters of credit for public sector banks on a 180-day basis. Because of the shortage of available cash from central government, public sector banks are frequently late with their repayments but there are no known cases of banks defaulting on debts.

Other bank branches find that restriction on issuing licences has cut the volume of business in the private sector. High margins for interest rates stipulated by the CBE make the effort worthwhile.

One or two specialist joint venture banks, such as the Misr Exterior, dealing almost exclusively with Spanish customers, find that they have a captive market. Misr Exterior reports that in the first ten months of operations it handled $1.4bn of business, of which $800m was for the import of military trucks from Spain.

Foreign branches confined to dealing in hard currency have obviously not been affected by the credit ceilings. Hardest hit have been new banks trying to establish themselves, and wholly-owned Egyptian banks that have been lending between 100 and 200 per cent over their deposit bases.

The CBE is imposing sanctions such as the withdrawal of permits to open new branches until banks conform to banking regulations.

Careless lending has led to a number of cases in the courts. Several senior executives of the Suez Canal bank have appeared to give evidence on why they lent money to a runaway bankrupt.

Relations improve

On the broader front, better relations with the Arab states following Egypt's recovery of the Sinai from Israel in April 1982 had been hoped to signal a return of Arab Government money to Egypt. Private Arab money had never stopped flowing into Egypt.

In February, one of the two offshore Arab banks with main offices in Cairo, Arab African International Bank called for an increase of capital from $125m to $200m over three years. Main shareholders are the Kuwaiti Ministry of Finance and the Central Bank of Egypt, each with 42.5 per cent. Smaller shareholders are the Rafidain Bank of Iraq, the Central Bank of Algeria, the Jordanian Ministry of Finance, the Qatar Ministry of Finance and the Al-Jazira Bank of Saudi Arabia.

The other main Arab bank, the Arab International Bank, is also said to be about to increase its capital. Significantly this is a treaty bank with the participation of Arab governments rather than their finance Ministries, that have been hostile to Egypt's peace with Israel.

The Egyptian Gulf Bank has set up with capital of $20m. Its chairman was the Kuwaiti businessman Ahmed al Duaij. His death in September in a car crash raises questions about the future of an ambitious project by a group of Arab businessmen to set up a $500m investment company in Egypt, of which he was chairman designate.

Once again Egypt has been trying to put itself forward as a financial centre for the region. A conference of capital market development held in Cairo heard discussions of Cairo's future as a banking centre to rival or supersede Kuwait and Bahrain.

A number of speakers suggested a more modest target of first trying to revive Egypt's domestic capital market, dormant since the mass nationalisation programme of the 1960s, under Nasser.

Development of the capital market in Egypt could be a way of mobilising domestic savings for economic and social development. Many in Egypt are unwilling to put money on deposit because of religious proscription and feel that participation in venture capital instead satisfies Islamic precepts.

Improved interest rates for local currency deposits has brought a steady increase in domestic savings, much sent or brought back by Egyptians working abroad.

Total deposits have risen from £E800m in 1970 to £E12bn in 1982, of which about £E7bn is in Egyptian currency and £E5bn in dollars.

Keen eye kept on price and financing of contracts

Playing one bidder against another

How business is done

CHARLES RICHARDS

LIKE MOST developing countries with no money, Egypt is looking for two things above all when it considers tender bids for major contracts: price and financing.

As a major market for food imports construction and the whole range of infrastructure projects, Egypt has attracted keen interest throughout the world.

With businesses desperate for export orders and governments willing to assist to protect jobs, Egypt is able to obtain large amounts of aid.

The principal donor is the U.S. Egypt's civilian aid appropriation is about $1bn a year, about 20 per cent of total U.S. aid worldwide. Of this $250m is in the form of PL 480 grant, mainly for wheat imports.

A further $300m to $350m is for the commodity import programme (CIP) for raw materials such as tallow, tobacco and wood pulp and capital goods such as locomotives and ambulances.

The remaining $400m is divided into six main components including infrastructure (telephones, water and power), education, agriculture, industrial rehabilitation, cement plants and health and family planning.

The size of the American aid programme creates many business opportunities for American companies. Many, however, complain that they do not get the advantage of European and Japanese companies that can call on mixed or blended credits through aid money and export credit guarantee departments. The U.S. Exim Bank operates aid separately.

Power projects

Major projects in the future are likely to be in power generation. Both the U.S. and the World Bank had indicated their unwillingness to embark on new projects in this field while Egypt's consumer tariffs were so low that they could not even pay for the cost of routine maintenance.

In July, the U.S., acknowledging "adequate" energy price rises, announced it would go ahead with the financing of the $100m Abu Sultan Four power unit outside Ismalia.

The largest single contract will be for the erection of the nuclear power units at El Daba west of Alexandria on the north-west coast.

Problems with financing have set back the tender date from September 26 to November 26. Bids are invited from companies in the U.S., West Germany and France, the three countries that have signed the appropriate bilateral nuclear agreements.

Egypt has set aside $700m for its nuclear programme, but is expecting almost complete financing for the $2bn first plant.

Both the West German and U.S. Governments have made it clear they are unwilling to finance such a project, and the French are believed to be less willing than they used to be.

The French are particularly exposed in Egypt and their main prestige project, the Cairo Metro appears to be coming off the rails.

Coface is said to be committed to over £1bn in Egypt, more than twice as much as Britain.

France is financing the Metro with 75 per cent Coface-backed loan at 8 per cent, and 25 per cent of the FFr 1.15bn at a concessional Government loan at 3½ per cent.

The 8 per cent rate is said by some to break consensus rules. The French counter that the lower earlier rate applies because the Metro is an older project.

Circumvented

In effect, the Central Bank of Egypt vetoes any project in the public sector that has the full 10 per cent financing rate. The rules are usually circumvented through lowering the price.

Even when full financing is obtained, Egypt frequently does not take up the option. A British aid agreement that included a £50m grant and a £100m ECGD-backed loan for aa Cairo wastewater project was only officially gazetted, two years after being signed.

By experience, Egypt has found if it waits long enough rival bidders will lower their prices. This is what happened in the much publicised sale of 1m tonnes of American wheat flour to Egypt. Supplier countries are finding that Egypt will shop around on every deal and that carrying out the first phase of a contract even with aid funds, wins no special favours.

Businessmen soon learn that doing business in Egypt is not like elsewhere. GEC were issued a letter of intent for work on the Cairo wastewater project only after a Dutch auction.

Letters of intent however do not have the finality they might elsewhere. Airbus Industrie had a letter of intent to supply three Airbus 310 widebodied airliners. Since then the national carrier Egyptair has issued a letter of acceptance for three rival planes, the Boeing 767.

President Mubarak's anti-corruption campaign while welcomed has affected business confidence and many government departments have virtually stopped taking decisions to avoid the risks of prosecution.

Mr Mubarak maintains that there are only a few corrupt cases in Egypt in comparison with other countries. In the popular imagination, however, the private sector is interchangeable with the "fat cats" who made it good during the open door policy.

When Mr Mubarak recently asked a group of private Egyptian businessmen what was stopping them investing in Egypt, they replied the activities of the Socialist Prosecutor. This follows the arraignment on corruption charges of the brother of the late president, Esmat el Sadat and members of his family.

The dismissal of the Ministers of Supply and Industry who were named in the Esmat el Sadat case have created shock waves in both those ministries. Other officials in the Supply Ministry has been arrested.

Fear has bred panic, and officials have retreated into inactivity. Purchases for the supply of Fetta cheese are now put out to international tender—even though Denmark is the only country able to provide the required quantity on the right terms.

This has increased bureaucratic delays. Industrial companies are reluctant to place orders for new spare parts for fear of being accused of accepting favours from suppliers.

The anti-corruption campaign has not been without innocent casualties. But for the personal intervention of the Minister of Agriculture two of his senior officials would have been jailed for 25 years in a bribery case that the judge eventually threw out of court.

The anti-corruption campaign is also directed by the office administrative control agency (Rakaba Il Idariyya), revived by Mr Mubarak to oversee government departments.

Parallel is much more active tax collection in private sector companies and closer scrutiny of account books.

Import controls

Stricter application of import controls, through the import rationalisation committee and of Decree 119 governing importers' margins of profit has shaken up traders.

More recently a spate of building collapses has drawn attention to the use of adulterated cement, insufficient or substandard steel reinforcing bars, and building of extra illegal floors.

Corrupt government building inspectors and unscrupulous contractors are held responsible and the Government has passed a new law with high fines for violations of building regulations.

Of greater concern to foreign businessmen and governments has been Egypt's apparent difficulties in repaying loans and interest payments on time.

Egyptian officials say Egypt is paying all bills on time. Businessmen and bankers report that delays on payments have been longer than the usual 10 to 14 days. Some attribute this to increased inefficiency over the summer. Others think the delays may be symptomatic of Egypt's increasing difficulties in finding foreign exchange.

Drive to become self-sufficient in food

Agriculture

CHARLES RICHARDS

SELF-SUFFICIENCY in food production has taken over from the establishment of heavy industry in Nasser's revolutionary Egypt as the symbol of resurgent Egyptian nationalism.

Egypt, granary of the Roman Empire, became a net importer of food in 1974 and last year imported about half its food at e cost of $4,000m. Of every five flat brown "baladi" loaves made, two are baked with American wheat, much of it supplied under the $250m a year PL 480 programme.

Egypt has now set as e policy goal the achievement of self-sufficiency in grain production within seven years. Despite the desire to reduce tha import bill the decision, according to Dr Youssef Wali, Minister of Agriculture and Food Security, is a strategic one.

"When you lose control of grains you lose your independence. This edministration of Mubarak is not like previous administrations—it is a nationalist administration."

Shortcoming

Grain production is Egypt's obvious shortcoming, and the import bill has been given only a temporary respite by low world commodity prices. At present, Egypt imports 6m tonnes of wheat, wheat flour and maize, a year at a cost of $1,200m. This includes 75 per cent of its wheat requirements.

The size of the Egyptian market, 45m people with the highest per capita wheat consumption in the world of 170 kg a year, has made it a battleground for a trade war between U.S. and European producers, particularly France.

With another million mouths to feed every ten months, and increased demand fuelled by greater prosperity under Egypt'a open-door policy, the gap between production and consumption is likely to widen further without drastic action.

Growth in agriculture has been only 2 per cent a year over the past five years, and is planned for 3.7 per cent over the course of the 1982-83-1987-88 five-year plan.

Increased production is the slogan of tha Mubarak administration and Dr Wali hopes to boost cereal prodoction through the use of improved high-yielding strains and greater mechanisation on existing acreage.

His target is to raise maize (corn) production 100 per cent from 3.5m tonnes a year, rice production by 1m tonnes from 2.23m tonnes a year, and wheet 80 per cent from 1.9m tonnes.

At the same time he would like to rationalise consumption by finding the right formula for mixing maize and wheat flour for bread, and reducing the amount of subsidised bread fed to poultry — estimated at 2m tonnes a year.

Dr Wali is not aiming at item-by-item import substitution but self-sufficiency in overall grain production. At present world prices, an extra 1m tonnea of rice for export—Egypt's exports have slumped from 178,000 tonnes to 25,000 tonnes over the past three years—could pay for 3m tonnes of wheat.

American agricultural experts have said that a 50 to 70 per cent increase in cereal production over this period would be a more realistic target.

Successive World Bank reports and American missions to Egypt have looked aghast at the high acreage—up to e third of Egypt's 6m acres of arable land — planted with winter clover ("berseem") for animal fodder.

The reports have indicated that Egypt has no comparative edvantage in animal busbandry and should concentrate instead on increasing yields of cereals and high-value export crops such as fruit, vegetables and horticultural crops—for which Egypt, because of its all-year sunshine and water, has a comparative advantage.

A report sponsored by President Reagan and prepared by Dr York of Florida University recommends that Egypt should support its national herd on wastage from grain crops. In Egypt as elsewhere rice, wheat and maize are dual-purpose crops. Farmers place greater value on wheat straw for animal feed than on grain since the state buys quotas of wheat at fixed, low prices.

Husbandry

By seeking to boost domestic cereal production, with its fodder by-products, Dr Wali is recognising that farmers will not easily give up animal husbandry.

The highly-complex cropping pattern is affected by the slightest change. Because of high profits from berseem cultivation, farmers are prepared to risk a fine from the government and leave berseem in for two extra cuttings before planting their quota of cotton. Late planting reduces yields from cotton, a government-controlled crop that earns $600m a year in exports for the Treasury.

This year tha government was stricter about cotton being planted on time. This created a shortage of fodder, pushing up the price of locally-produced meat.

The docile water buffalo is an unwitting object of a political tug of war between meat and wheat. But some economists maintain that animal busbandry makes sound economic sense in Egypt.

At present the world's grain prodncers are falling over themselves to give or sell Egypt cereals at highly concessional terms. At the same time, since 1975 the IMF index for wheat prices has risen from 100 to 115. Over the same period, the meat index has risen from 100 to 198. It would therefore seem much cheaper for Egypt to continue importing grain and rearing its own cattle and buffalo.

The buffalo is also a complete farming system in itself in Egypt and tha economic trade-offs involved have not been systematically studied. A buffalo ploughs, operates irrigation pumps, and is the prime source of milk and dairy products as well as being a source of red meat. Further, the clover on which it feeds pays an important role in crop rotation by fixing nitrates in tha soil, saving on imports of chemical fertilisers.

Dr York suggests in his report that unless farmers are paid bigher prices for their produce they will have no incentive to invest in mechanisation to increase yields.

Dr Wali says that despite the rapid increase in Egypl's population, the rural areas are experiencing a labour shortage owing to migration to the Gulf countries. This points the way to greater mechanisation.

A pilot project in the Delta governorate of Dekheila to sell farmers rice transplanters from Japan has been highly sucessful. Yields have increased from an average 2.38 tonnes an acre to between 3.6 and 4.5 tonnes. Next year's waiting list for new transplanters is beavily oversubscribed.

Dr Wali has also raised prices paid to farmers for wbeat and rice, but they are still well below world prices. If farmgate prices are low, so are input prices, and the internal price ration ratios are io general closely correlated with world prices.

Egypt has launched an export drive for its agricultural products. It has given foreign currency incentives to exporters and signed new trade protocols with two countries, Jordan and the Soviet Union, that for political reasons have imported less from Egypt over the past years.

A new cargo airline, ZAS, has started to ship agricultural produce to Europe, a market that may be more difficult for Egypt to enter in future with the planned enlargement of the European Community to includa Spain aod Portugal. However, export promotion is hindered by poor communications, uncertaio quality cootrol, and bureacratic obstacles.

Egypt is still committed to reclaiming 2.8m acres of desert land by the turn of the century, and much hope is put on the exploitation of the fertile Sudan under a charter of integratioo between the two countries. But as the drift from the country to the cities continues, farmers will be called npon increasingly to grow perishable fruit and vegetables to feed the urban populations.

Washing a sheep in the Nile

Public sector is the backbone

Industry

CHARLES RICHARDS

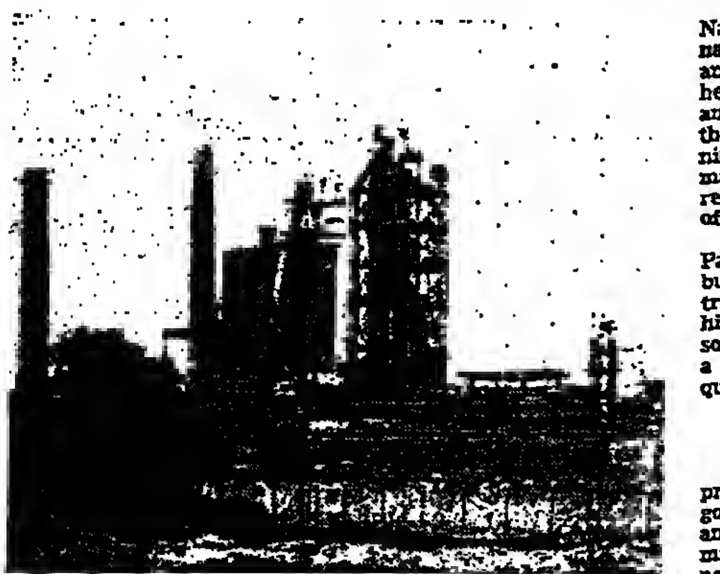
LAST SUMMER and for much of the early part of the year long queues formed every morning at street corners in Cairo.

Earnest academics wrote in the national newspapers about the loss to the national economy of government employees absenting themselves for two hours every morning to wait in line for their permitted two packs a day of Super, the popular name for Cleopatra, Egypt's best selling cigarette.

Lack of investment in modern machinery, and lack of maintenance over the years as the Government diverted its resources into the war effort in part explains why cigarette production could not meet demand for about 34bn to 36bn a year.

Many smokers also switched brands to Super at 35 piastres a pack when imported brands went up ten piastres to 94 piastres a pack.

The queues have now disappeared. The Ministry is justly proud that it met the demand during the summer when consumption traditionally goes up and production in the heat goes down.



The Portland cement works at Helwan: under the five-year plan E£1.8bn is allocated for the private sector

Last year the Ministry rejected a proposal from Rothmans to form a joint venture as well as offers for technical assistance. It decided to go ahead with the work itself. Besides increasing production of Super it has also launched a new cigarette designed by Rothmans. Since last April $25m of an allocated $39m have been spent on the rehabilitation of factories of the two State-run cigarette companies.

New high-speed, electronically-controlled machinery imported from Britain is churning out between 1,000 and 2,000 cigarettes e minute to help raise production to 48bn in a year.

The investment to rehabilitate an existing industry is typical of that proposed in Egypt's five-year Development Plan. Under the plan, £E8.5bn or 16 per cent of the total is allocated to industry. This includes £E6.6bn for the public sector and £E1.8bn for the private sector.

Of this total, less than 20 per cent is for new projects, the rest being for the completion of those already started, and the rehabilitation of industries.

The ministry reports that the industrial sector has experienced a 6 to 7 per cent growth over the past five years, compared with 8 to 10 per cent in all sectors and 10 per cent forecast for industry during the five-year plan.

Efficiency

Increased government investment in new plant may go some way to meeting the Mnbarak administration's objectives of raising production. More radical changes are needed to raise the efficiency of the public sector to the level of the private sector.

Although the public sector accounts for over three quarters of industrial investment, it accounts for less than two thirds of industrial output. Companies under the Ministry of Industry this year produced £5.7bn (47.5 per cent). Companies covered by other ministries, responsible for cement end medicine for example, provided 16.7 per cent of production and private sector and joint venture production amounted to 35.8 per cent, equivalent to £E4.3bn.

Poor industrial performance is due to a number of factors. Nasser's programme of nationalisation in the 1960s, and the establishment of new heavy industries such as iroo and steel making, was based on the principles of central planning. All major investment and management decisions were referred directly to the Ministry of Industry.

Managers were frequently Party men or ill-equipped bureaucrats. Prices were controlled and manning levels kept high to create a full-employmeot society. Lack of competition in a closed economy led to poor quality of products.

Exposure

The rapid growth of the private sector, the exposure to goods from the Western world and the need to develop export markets since an open door-policy was declared in 1974 have all thrown up the inadequacies of the public sector.

Attempts are being made to reform the public sector to put it on a more commercial footing. Already many of the reforms envisaged are being implemented by some managers who exercise their authority to pay incentive bonuses to workers.

Planning officials say, however, that the single main requirement is for the financial restructuring of public sector companies, hamstrung by under-capitalisation which forced them to borrow when interest rates were high.

Suggestions that parts of the public sector be sold off bave been rejected flatly by the President and fiercely opposed throughout the public sector.

Despite its inefficiencies, the public sector is still regarded as the backbone of Egyptian industry. Social goals take precedence over economic ones and, of course nationalised industry is purely national.

As Dr Al Gharouri, the Industry Minister explained: "The philosophy of the public sector is not only to run enterprises for making profits. We are taxpayers, we pay customs duties, we provide jobs, we help the economy by keeping inflation down by selling at low prices."

Other spin-offs include the transfer of technology, and the creation of a skilled workforce—and the armed forces are engaged in e E£50m training programme for fitters and craftsmen. Even if the workers once trained in the public sector go off to the Gulf in search of more lucrative jobs, the country benefits from their remittances.

Calls for the continued protection of the public sector leaves the position of the private sector open to question. The Government would like the private sector to bear a considerable responsibility in the five-year plan, which President Mubarak says he is sticking to rigidly.

A market economy will not be allowed to develop except very slowly and officials predict it will be 20 years before free competition can be permitted.

Bid to win more Western tourists

A TRIP TO Egypt is a once in a lifetime visit, at least for Western tourists. This is one of the problems confronting the country's bid to boost flagging income from an industry which is one of Egypt's four main foreign exchange earners.

"About 40 per cent of our tourism comes from the Arab world," Mr Tewfik Abdou Ismail, Minister of Tourism and Civil Aviation, explains. "About 30 per cent comes from business visitors whom we include in the tourist figures. The remaining 30 per cent comes from tour parties who visit eur Pyramids and ancient tombs and seldom make a return trip."

The Minister frankly admits: "To encourage tourists back on repeat visits we need to develop the recreational side of the trade which at present hardly exists." To alter this situation the Government has decided to direct all public investment towards new tourist areas outside the popular Cairo, Luxor, Aswan and Alexandria venues.

But even when new recreational tourist centres have been developed, the Minister does not foresee them competing in price with some of the traditional Mediterranean sun, see and sand package holiday centres. First priority is being given to developing the Red Sea coast which, it is hoped, will prove ettractive to the better eff hedonist.

The Minister dismisses his domestic critics who say that it is wrong to concentrate on attracting the wealthier tourists to Egypt. Just as he also rejects criticism of his policy of encouraging the construction of first class hotels rather than those catering to the middle and low income brackets.

Depending on how you read them, the tourist statistics for last year could lend some justification to his attitude. Because of the wars in Lebanon and the Gulf the goal of a 12 per cent increase in tourism was not reached, and the number of incoming tourists grew by only 3 per cent. The Minister believes that while this is disappointing, it is still a creditable performance when compared with the record of other countries last year.

Certainly the botels in Cairo are bustling with life and the shock waves caused by the assassination of President Sadat are fading from people's minds. There were signs at the end of last year that tourism was on the rise. Growth in the last quarter was 16 per cent compared with the same period in the previous year.

But the most worrying problem for the Government, which badly needs every tourist dollar it can earn, was the drop in revenue from \$315m in 1981 to \$289m in 1982. Mr Ismail believes that the income levels were actually much higher, perhaps over \$1bn, but this additional income goes unrecorded because so much money is changed by tourists on the black market.

Because the black market has existed for years, it is perhaps permissible to look for additional causes of last year's income drop. A total of 1.42m tourists visited Egypt in 1982 compared to 1.37m the previous year. But, the number of tourist nights fell from 9.8m in 1981 to 9.3m last year.

The source of this decline, and perhaps the cause of the drop in income may be found in the breakdown by areas of origin of the incoming tourist. Tourism from Arab countries increased its share ef the total by about 1½ per cent to reach 43.4 per cent, while the share of Western tourism, from Europe and the U.S., fell by a similar margin to stand at 48 per cent.

Many of the Arab tourists prefer to stay in apartments or villas rather than hotels and this reduces the amount of tourist money passing through the banking system. So while continuing to encourage Arab tourism, Egypt must concentrate greater efforts on attracting the Western visitor if revenue is to be boosted.

The largest source of Western tourists is Europe which provided 34.1 per cent of the total, with the more distant U.S. sending 13.9 per cent. One new development which may help to boost the flow of holiday-makers from Europe is the decision to permit unrestricted charter flights to all international airports, with the exception of Cairo.

Excluding the capital : : a charter destination is p. . of the effort to divert traffic to the regional centres, part of the overall plan to develop the interest in other centres and perhaps save some of the magnificent monuments from the destruction they face under the thud of millions of tourist feet.

This is one part of the five-year plan of Mr Ismail, who has a refreshingly frank ettitude to the problems facing the country as a tourist attraction. He admits, indeed emphasises, that another central factor that even limits tourism to the country's breath-taking historical sites is the fact that they are located in "an unappetising environment," as he puts it.

Just as President Hosni Mubarak has said that he wants to improve the quality ef life fer the average Egyptian, so the Tourism Minister says that he wants to improve the environment for the visitor to the Pyramids, the Valley of the Kings and other sites.

Whether or not Mr Ismail succeeds in pushing through all of his plans, Egypt will remain a worthwhile tourist destination for anyone who can be touched by the awesome sight of the relics of a vanished society. The key issue for Egypt is whether this can be converted into large enough sums of money to help pay for the country's needs.

David Lennon

PROFILE: President Hosni Mubarak

Concern for the people

MOHAMMED HOSNI MUBARAK is the first President of Egypt who was an armed forces officer before he became a politician. The art of politics has not come instinctively to him, as it did to his two predecessors, Nasser and Sadat. He was reportedly surprised to have been offered the Vice-Presidency in 1975, a job which he had not sought, and it was probably with some regret that he had to move on from being Commander-in-Chief of the Air Force.

It was in that role that he won the admiration of President Sadat during the 1973 war with Israel. The Air Force performed better than in any previous combat and contributed substantially towards Egypt's early successes. Still today talks of the 1973 war and modern weaponry are topics which animate the President in a way which other matters of state fail to do.

In the course of a 75-minute conversation this summer the President showed himself to possess several of those characteristics which those who know Egypt have come most to appreciate. He is far from the rather dour, colourless figure which popular jokes have made him out to be. Instead there is a ready humour, an affection for the social values of rural Egypt, an apparently genuine concern for the poor and a modest assesment of what one man alone can achieve.

His own life style matches that modesty. Perhaps in part reaction to the hints of Pharaonic grandeur which came to accompany Mr Sadat, the Mubarak household has remained in the Cairo suburb of Heliopolis in a house which

President Hosni Mubarak—modest manner and life style

is compatible with the expectations of a senior air force efficer. Other members of the Mubarak family are purposely kept out of the public limelight.

President Mubarak's brother is rumoured to have had to wait 18 months for a telephone to be installed in his apartment. That this rumour is accepted as entirely credible in Cairo demonstrates the conviction among the general public that the President is an incorruptible man.

He also has moments of amusing frankness. Was it not true, he was asked, that after six years as Vice-President he was uniquely well prepared to assume the greater responsibilities of the presidency? Nonsense, he retorted, a Vice-President has no responsibility at all. "All I would do was just give a word or two of advice on this and that."

Other accounts dispute Mr Mubarak's version of events, which could also be interpreted as a warning shot across the ambitions of would-be vice-presidential candidates.

In conversation the President's military background is not immediately apparent, but those who work closely with him report sharp flashes of anger at subordinates who fail in their tasks or who tender advice which turns out to be ill-considered. He also has an ingrained dislike of losing which may yet serve him well in the presidency.

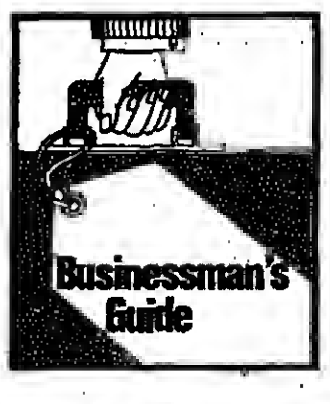
All attempts at modesty deserts him when he recounts epic battles on the squash court, especially against opponents from the higher reaches of the U.S. political establishment. Egypt won all four matches on a previous Mubarak visit to Washington, despite the difficulties of acclimatisation to the different rules there. But surely Americans don't like losing? "I know that. But I insisted," retorts a triumphant President.

Just what Mr Mubarak will come to insist on in Egyptian political terms has yet fully to emerge. When asked how best he would like te be remembered, Mr Mubarak replied simply that he would like te have done something for the people. "To find a solution for their housing, the infrastructure, for their standard of living.

"Whether that will make me remembered or not I do not know. I would just like to be convinced and feel that I have done some things for the people."

Roger Matthews

Cheaper than rumoured



CAIRO, A RECENT survey would have us believe, is the third most expensive capital in the world for resident businessmen. It need not be. It is very possible to live cheaply and well in Egypt. But to lure reluctant businessmen to enjoy the privilege of working and living in this varied and fascinating—if at times exasperating—country, big companies pamper their staff by providing accommodation and lifestyles they could not dream of in suburban Esher and Osaka.

In Cairo there is a maid to hand wash shirt collars, a sufraggi to pour the gin and tonic, and a cook to serve the meat and two veg.

Of course, most companies pay for the servants, and pay the rent, the single most expensive item. Flats with civilised kitchens and plumbing command between £E1,000 and £E2,000 a month. Even for that price you may not get regular running water, but the flet will be large and spacious, with airy balconies and, often, a priceless view of the River Nile.

All basic services have improved enormously in the capital over the past five years. Electricity blackouts are not as rare as rain, but they are becoming less frequent. Phones work more often than not, and an international direct-dial line can be installed for about £E1,000.

A major expense for families is schooling. The choice is limited by geography. Cairo American College serves the international community in the garden suburb of Maadi. The British International School's catchment area is fashionable Zamalek.

Black and white taxis are good and cheap, but once the driver spots you are non-Egyptian you can forget about the meter. Outside all the main hotels fast, comfortable, air-conditioned limousines will whisk you wherever you want, at reasonable fixed prices by European standards. Down town to the airport will cost £E7, including tip. A word of warning: few Cairo streets have known names and of those that do taxi drivers frequently seem to have less idea than anyone what they are.

It is best to find out before starting a journey exactly where you are going. It is no good pointing to a map, few drivers know how to read one. One idea is to get a friend to write down the address of wherever you want to go in Arabic.

Car hire agencies, Bita, Avis, Hertz and Budget, all operate in Egypt. English-speaking drivers come at only a minimal extra cost.

To travel outside Cairo: there are excellent regular train and air-conditioned coach services to Alexandria. Allow four hours each way. There are daily Egyptair flights to Luxor and Aswan in Upper Egypt, though these tend to be beavily booked during the winter and Easter tourist season.

Currency Regulations

These defeat even the most adept banker. There are tourist rates, incentive rates, supply rates, rates for trade with the Eastern bloc, black market rates and in any of a number of street kiosks "the friendly rate." It is illegal to deal in hard currency in Egypt outside a bank; many have both hard currency and Egyptian money, which is not convertible. Hotels and airlines require for payment the production of an official form showing that yon have changed the money at a bank.

The Egyptian pound is pegged to the U.S. dollar at abont \$1=84 piasters (£1E=100 piastres).

Visas

It is best to get one from your local consulate before you leeve for Egypt. The Egyptian Consulate in London is at 19, Kensington Palace Gardens W8 (Tel. 01-229 8818).

Visas are valid for three months and can be extended locally. Evidence of previous travel to Israel will not hinder visa applications to Egypt but will stop you getting a visa to any other Arab country. You must register with the police within seven days of arrival. Most hotels will do this for you.

Health

Vaccination against smallpox and, in summer, cholera, is required. For the Sudan, yellow fever vaccination is required.

Four years ago it was impossible to get a place in an hotel without e lot of wheedling or persuasion. Now Cairo is overflowing with four and five-star hotels. Visitors bave the choice of those down town, such as the Nile Hilton, Shepheards, The Rameses Hilton, the Marriot, or the Meridien. Near the airport are the Heliopolis Sheraton and the Concorde. Out near the Pyramids, the Mena House Oberoi.

Hotel prices are controlled by government. A double room in the top-class botels like the Rameses Hilton is now about £E70 a night.

Eating out

Most hotels provide good, basic international cuisine. Every combination of steak can be found. Prices have risen dramatically over the past years. Good but expensive restaurants are found in the Marriot, Ramses Hilton and, of course, the Meridien. Outside the hotels, Swissair Restaurant has an enterprising menu and maintains a high standard. Arabesque, Carrols and Alaeddin all serve both Western-style food and Egyptian dishes. Shish kebab, stuffed pigeons and fatta—chicken and rice baked in the oven are Egyptian specialities and an excellent desert is om ali, similar to bread and butter pudding.

Local Stella beer is light and refreshing. Wines, from the House of Gianaclis, vary in quality. Many a hangover has been blamed on Omar Khayyam, a full-bodied red. Good with fish is the dry white Gianaclis Villages.

Good local food can be found in a number of open-air restaurants near the Pyramids. These include El Dar, Andreas (for chicken) and Bonitos (for fish). In town there is Filfila, cheap and bustling.

Time off

It is not possible to cover 7,000 years of civilisation in a few hours, but a start can be made at the main sites. The Pyramids of Giza, the Sphinx and the recently-opened Solar Boat together with the Egyptian Museum can be seen in half a day and give you an introduction to Ancient Egypt. Tours can be arranged with English-speaking guides through American Express or any of the other main travel agencies, or through your botel.

If you have more time, visit the Step Pyramid of Saqqara. Take a walk around the old Islamic city not just for the finest concentration of Mameluke mosques and buildings in the Islamic world but for an idea of the bustling city as it must have been.

Close by is the Khan el Khalili Bazaar, essential stopping off place for those last-minute gifts.

Particularly good are leather goods, linen, Egyptian cotton, tapestries, gold and silver, and the boutiques in the main hotels. In the evening, try the Son et Lumiere at the Pyramids. Most hotels have nightclubs, with Can Can dancers from Bolton as well as rather more exciting local belly dancers.

Sports

Cairo has many well-equipped sporting clubs. Temporary membership can be for one week to a year, for families and individuals. Tennis, golf, bowls, croquet, cricket and squash are all played and there is riding, swimming and other activities. Don't expect an ice-cold beer after some strenuous workout: sporting clubs are dry.

Guide books

Essential for the resident is the American University's Practical Guide to Cairo, available in all botel bookshops. This lists shops, phone numbers, and tells how to find a plumber and where to get shirts made. It also has a bibliography of guide books to Egypt.

The best general guide is by Travelaid, whieb lists general information with potted historical and cultural sketches of the main sites in Cairo and Upper Egypt. For antiquities there are any number of good guides of which the best is the 1929 Baedeker. E.M. Forster's guide to Alexandria has been recently published in London.

For phone numbers, the British Airways phone book lists most expatriates and offices of foreign companies. A more comprehensive list is found in Fiani's Egypt Investment and Business Directory.